
State: Arkansas **Filing Company:** Farmers Union Mutual Insurance Co
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: FUMIC HO2 Rate increase /0064 HO RA REV

Filing at a Glance

Company: Farmers Union Mutual Insurance Co
Product Name: Homeowners
State: Arkansas
TOI: 04.0 Homeowners
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Filing Type: Rate
Date Submitted: 07/29/2014
SERFF Tr Num: MUOF-129653441
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: 0064 03 14 12

Effective Date: On Approval
Requested (New):
Effective Date: 10/01/2014
Requested (Renewal):
Author(s): Sue Quimby, Pepper Treuvey
Reviewer(s): Becky Harrington (primary)
Disposition Date: 07/31/2014
Disposition Status: Filed
Effective Date (New):
Effective Date (Renewal): 10/01/2014

State Filing Description:

State: Arkansas **Filing Company:** Farmers Union Mutual Insurance Co
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: FUMIC HO2 Rate increase /0064 HO RA REV

General Information

Project Name: FUMIC HO2 Rate increase Status of Filing in Domicile: Pending
Project Number: 0064 HO RA REV Domicile Status Comments: Arkansas is domicile state.
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 07/31/2014
State Status Changed: Deemer Date:
Created By: Sue Quimby Submitted By: Sue Quimby
Corresponding Filing Tracking Number:

Filing Description:

Farmers Union is filing for a 15% increase in their Homeowners 2 rates.

Company and Contact

Filing Contact Information

Sue Quimby, Director Client Services squimby@msonet.com
139 Harristown Rd. 201-447-6900 [Phone]
Glen Rock, NJ 07452 201-447-9468 [FAX]

Filing Company Information

Farmers Union Mutual Insurance Co CoCode: 37613 State of Domicile: Arkansas
2215 North Reynolds RD Group Code: Company Type:
Bryant, AR 72022-2533 Group Name: State ID Number:
(501) 847-1518 ext. [Phone] FEIN Number: 71-0055000

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: Rate filing at \$100.
Per Company: No

Company	Amount	Date Processed	Transaction #
Farmers Union Mutual Insurance Co	\$100.00	07/29/2014	84458551

SERFF Tracking #:	MUOF-129653441	State Tracking #:		Company Tracking #:	0064 03 14 12
State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co		
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations				
Product Name:	Homeowners				
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV				

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/31/2014	07/31/2014

State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
Product Name:	Homeowners		
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV		

Disposition

Disposition Date: 07/31/2014
Effective Date (New):
Effective Date (Renewal): 10/01/2014
Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Farmers Union Mutual Insurance Co	26.200%	15.000%				15.000%	%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Actuarial Explanatory Memorandum	Filed	Yes
Supporting Document	Exhibit I - Insurance Expense Exhibit	Filed	Yes
Supporting Document	Exhibit II - Direct Results	Filed	Yes
Supporting Document	Exhibiti III - Direct and Assumed	Filed	Yes
Supporting Document	Exhibit IV - Allocation of Investment Income	Filed	Yes
Supporting Document	Exhibit V - Development of Loss and LAE	Filed	Yes
Supporting Document	Exhibiti VI - Rate Indication	Filed	Yes
Rate	HO2 Rate Pages	Filed	Yes
Rate	HO2 Rate Pages	Filed	Yes

State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
Product Name:	Homeowners		
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV		

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 15.000%

Effective Date of Last Rate Revision: 06/01/2014

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Farmers Union Mutual Insurance Co	26.200%	15.000%				15.000%	%

State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
Product Name:	Homeowners		
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 07/31/2014	HO2 Rate Pages		Replacement	MUOF 129534481	Exhibit VII 0064 03 14 12 Rate pages.pdf
2	Filed 07/31/2014	HO2 Rate Pages		Withdrawn		FUMIC HO2 Rates current 6 1 14.pdf

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Prior to June 2014 Base Rates +43.8%

\$1,000 Deductible

Proposed Effective Date: October 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
50,000	533	533	533	533	562	592	691	812	852	1,024
51,000	546	546	546	546	576	607	707	832	874	1,049
52,000	559	559	559	559	589	621	725	851	894	1,072
53,000	572	572	572	572	604	635	742	870	913	1,095
54,000	584	584	584	584	615	648	759	891	936	1,123
55,000	598	598	598	598	631	664	775	911	957	1,149
56,000	612	612	612	612	645	680	794	932	978	1,173
57,000	625	625	625	625	660	694	811	952	999	1,199
58,000	637	637	637	637	671	707	828	973	1,022	1,226
59,000	651	651	651	651	687	723	845	995	1,045	1,254
60,000	666	666	666	666	702	739	864	1,015	1,065	1,278
61,000	676	676	676	676	713	750	877	1,031	1,082	1,300
62,000	686	686	686	686	725	762	890	1,045	1,097	1,317
63,000	694	694	694	694	733	772	901	1,059	1,113	1,335
64,000	704	704	704	704	743	782	916	1,072	1,126	1,351
65,000	713	713	713	713	752	792	927	1,087	1,141	1,370
66,000	722	722	722	722	762	802	939	1,100	1,154	1,386
67,000	732	732	732	732	773	814	952	1,113	1,169	1,403
68,000	742	742	742	742	782	824	965	1,127	1,183	1,420
69,000	749	749	749	749	791	832	976	1,139	1,196	1,435
70,000	758	758	758	758	801	842	988	1,151	1,209	1,450
71,000	768	768	768	768	809	852	999	1,166	1,225	1,469
72,000	776	776	776	776	819	863	1,012	1,177	1,236	1,484
73,000	785	785	785	785	829	873	1,024	1,190	1,249	1,499
74,000	794	794	794	794	837	881	1,035	1,205	1,265	1,518
75,000	802	802	802	802	847	891	1,047	1,216	1,277	1,532
76,000	809	809	809	809	855	900	1,059	1,228	1,289	1,547
77,000	821	821	821	821	865	911	1,071	1,241	1,302	1,563
78,000	828	828	828	828	874	920	1,082	1,254	1,317	1,580
79,000	837	837	837	837	884	930	1,093	1,265	1,328	1,594
80,000	845	845	845	845	891	939	1,105	1,278	1,341	1,610
81,000	852	852	852	852	900	947	1,117	1,288	1,353	1,623
82,000	863	863	863	863	911	959	1,127	1,300	1,364	1,637
83,000	871	871	871	871	919	967	1,139	1,314	1,380	1,656
84,000	878	878	878	878	927	976	1,149	1,324	1,390	1,668
85,000	884	884	884	884	933	982	1,159	1,334	1,400	1,680
86,000	891	891	891	891	942	990	1,170	1,347	1,415	1,698
87,000	900	900	900	900	949	999	1,180	1,358	1,426	1,711
88,000	909	909	909	909	959	1,009	1,192	1,369	1,438	1,725
89,000	914	914	914	914	966	1,016	1,199	1,381	1,450	1,741
90,000	921	921	921	921	972	1,024	1,210	1,392	1,461	1,752

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Prior to June 2014 Base Rates +43.8%

\$1,000 Deductible

Proposed Effective Date: October 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
91,000	929	929	929	929	980	1,032	1,222	1,403	1,473	1,768
92,000	937	937	937	937	989	1,041	1,232	1,415	1,485	1,783
93,000	942	942	942	942	995	1,047	1,239	1,425	1,496	1,795
94,000	953	953	953	953	1,006	1,059	1,249	1,433	1,505	1,806
95,000	957	957	957	957	1,011	1,064	1,261	1,446	1,518	1,821
96,000	965	965	965	965	1,019	1,072	1,271	1,456	1,530	1,836
97,000	970	970	970	970	1,025	1,078	1,278	1,462	1,535	1,843
98,000	979	979	979	979	1,034	1,088	1,288	1,469	1,542	1,852
99,000	985	985	985	985	1,039	1,094	1,298	1,476	1,550	1,860
100,000	989	989	989	989	1,044	1,098	1,307	1,484	1,558	1,870
101,000	999	999	999	999	1,054	1,110	1,320	1,498	1,574	1,889
102,000	1,009	1,009	1,009	1,009	1,064	1,120	1,333	1,512	1,588	1,906
103,000	1,018	1,018	1,018	1,018	1,075	1,131	1,346	1,528	1,604	1,925
104,000	1,028	1,028	1,028	1,028	1,085	1,141	1,358	1,542	1,619	1,942
105,000	1,038	1,038	1,038	1,038	1,095	1,153	1,371	1,557	1,634	1,961
106,000	1,048	1,048	1,048	1,048	1,105	1,164	1,384	1,571	1,650	1,981
107,000	1,058	1,058	1,058	1,058	1,116	1,174	1,397	1,586	1,666	2,000
108,000	1,067	1,067	1,067	1,067	1,127	1,186	1,409	1,601	1,680	2,017
109,000	1,077	1,077	1,077	1,077	1,137	1,196	1,422	1,616	1,696	2,036
110,000	1,087	1,087	1,087	1,087	1,147	1,208	1,435	1,630	1,712	2,054
111,000	1,097	1,097	1,097	1,097	1,157	1,219	1,448	1,645	1,726	2,071
112,000	1,107	1,107	1,107	1,107	1,167	1,229	1,461	1,659	1,742	2,090
113,000	1,116	1,116	1,116	1,116	1,179	1,241	1,475	1,673	1,757	2,107
114,000	1,126	1,126	1,126	1,126	1,189	1,251	1,488	1,688	1,772	2,128
115,000	1,136	1,136	1,136	1,136	1,199	1,262	1,501	1,702	1,787	2,145
116,000	1,146	1,146	1,146	1,146	1,209	1,274	1,514	1,716	1,803	2,163
117,000	1,156	1,156	1,156	1,156	1,219	1,284	1,527	1,731	1,818	2,182
118,000	1,164	1,164	1,164	1,164	1,231	1,295	1,538	1,747	1,833	2,199
119,000	1,174	1,174	1,174	1,174	1,241	1,305	1,551	1,761	1,849	2,218
120,000	1,185	1,185	1,185	1,185	1,251	1,317	1,564	1,775	1,864	2,237
121,000	1,195	1,195	1,195	1,195	1,261	1,328	1,577	1,790	1,879	2,254
122,000	1,205	1,205	1,205	1,205	1,271	1,338	1,590	1,804	1,895	2,274
123,000	1,215	1,215	1,215	1,215	1,282	1,350	1,603	1,818	1,909	2,291
124,000	1,225	1,225	1,225	1,225	1,292	1,360	1,616	1,833	1,925	2,310
125,000	1,235	1,235	1,235	1,235	1,302	1,371	1,629	1,847	1,939	2,327
126,000	1,245	1,245	1,245	1,245	1,312	1,383	1,642	1,862	1,955	2,346
127,000	1,255	1,255	1,255	1,255	1,323	1,393	1,655	1,876	1,969	2,363
128,000	1,264	1,264	1,264	1,264	1,334	1,404	1,666	1,890	1,985	2,382
129,000	1,274	1,274	1,274	1,274	1,344	1,415	1,679	1,905	2,000	2,399
130,000	1,284	1,284	1,284	1,284	1,354	1,426	1,692	1,919	2,015	2,418
131,000	1,294	1,294	1,294	1,294	1,364	1,438	1,705	1,933	2,030	2,435

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Prior to June 2014 Base Rates +43.8%

\$1,000 Deductible

Proposed Effective Date: October 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
132,000	1,304	1,304	1,304	1,304	1,376	1,448	1,718	1,948	2,046	2,455
133,000	1,312	1,312	1,312	1,312	1,386	1,459	1,731	1,962	2,060	2,473
134,000	1,323	1,323	1,323	1,323	1,397	1,469	1,744	1,977	2,076	2,491
135,000	1,333	1,333	1,333	1,333	1,407	1,481	1,757	1,991	2,090	2,508
136,000	1,343	1,343	1,343	1,343	1,417	1,492	1,770	2,005	2,106	2,527
137,000	1,353	1,353	1,353	1,353	1,427	1,502	1,781	2,020	2,120	2,544
138,000	1,361	1,361	1,361	1,361	1,439	1,514	1,794	2,034	2,136	2,563
139,000	1,371	1,371	1,371	1,371	1,449	1,524	1,806	2,048	2,151	2,580
140,000	1,381	1,381	1,381	1,381	1,459	1,535	1,818	2,063	2,166	2,599
141,000	1,392	1,392	1,392	1,392	1,469	1,547	1,831	2,077	2,181	2,616
142,000	1,402	1,402	1,402	1,402	1,479	1,557	1,844	2,092	2,195	2,634
143,000	1,410	1,410	1,410	1,410	1,491	1,568	1,856	2,105	2,211	2,654
144,000	1,420	1,420	1,420	1,420	1,501	1,578	1,869	2,119	2,225	2,671
145,000	1,430	1,430	1,430	1,430	1,511	1,590	1,882	2,133	2,240	2,688
146,000	1,440	1,440	1,440	1,440	1,521	1,601	1,895	2,148	2,255	2,707
147,000	1,450	1,450	1,450	1,450	1,531	1,611	1,908	2,162	2,270	2,724
148,000	1,461	1,461	1,461	1,461	1,542	1,623	1,921	2,176	2,286	2,743
149,000	1,471	1,471	1,471	1,471	1,553	1,633	1,933	2,191	2,300	2,760
150,000	1,481	1,481	1,481	1,481	1,563	1,645	1,946	2,205	2,316	2,779
151,000	1,488	1,488	1,488	1,488	1,570	1,652	1,955	2,215	2,326	2,792
152,000	1,494	1,494	1,494	1,494	1,577	1,659	1,964	2,225	2,336	2,803
153,000	1,501	1,501	1,501	1,501	1,584	1,668	1,974	2,235	2,347	2,818
154,000	1,507	1,507	1,507	1,507	1,591	1,675	1,982	2,245	2,358	2,829
155,000	1,514	1,514	1,514	1,514	1,599	1,682	1,991	2,255	2,368	2,841
156,000	1,521	1,521	1,521	1,521	1,606	1,689	2,000	2,266	2,378	2,853
157,000	1,527	1,527	1,527	1,527	1,613	1,696	2,008	2,276	2,388	2,865
158,000	1,534	1,534	1,534	1,534	1,619	1,705	2,017	2,284	2,399	2,879
159,000	1,540	1,540	1,540	1,540	1,626	1,712	2,025	2,294	2,409	2,891
160,000	1,547	1,547	1,547	1,547	1,633	1,719	2,034	2,304	2,419	2,904
161,000	1,554	1,554	1,554	1,554	1,640	1,726	2,043	2,314	2,429	2,915
162,000	1,560	1,560	1,560	1,560	1,647	1,734	2,051	2,324	2,439	2,927
163,000	1,567	1,567	1,567	1,567	1,653	1,741	2,060	2,333	2,451	2,941
164,000	1,573	1,573	1,573	1,573	1,660	1,748	2,069	2,343	2,461	2,953
165,000	1,580	1,580	1,580	1,580	1,668	1,755	2,077	2,353	2,471	2,966
166,000	1,586	1,586	1,586	1,586	1,675	1,762	2,086	2,363	2,481	2,977
167,000	1,593	1,593	1,593	1,593	1,680	1,770	2,094	2,372	2,491	2,990
168,000	1,599	1,599	1,599	1,599	1,688	1,775	2,102	2,382	2,501	3,002
169,000	1,606	1,606	1,606	1,606	1,693	1,783	2,110	2,391	2,511	3,013
170,000	1,611	1,611	1,611	1,611	1,701	1,790	2,119	2,401	2,521	3,026
171,000	1,617	1,617	1,617	1,617	1,708	1,797	2,128	2,409	2,531	3,037
172,000	1,623	1,623	1,623	1,623	1,714	1,804	2,135	2,419	2,540	3,048

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Prior to June 2014 Base Rates +43.8%

\$1,000 Deductible

Proposed Effective Date: October 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
173,000	1,630	1,630	1,630	1,630	1,721	1,810	2,143	2,428	2,550	3,060
174,000	1,636	1,636	1,636	1,636	1,726	1,817	2,151	2,438	2,559	3,071
175,000	1,642	1,642	1,642	1,642	1,734	1,824	2,159	2,447	2,569	3,082
176,000	1,647	1,647	1,647	1,647	1,739	1,831	2,166	2,455	2,579	3,095
177,000	1,653	1,653	1,653	1,653	1,745	1,837	2,175	2,464	2,588	3,105
178,000	1,660	1,660	1,660	1,660	1,752	1,844	2,182	2,474	2,598	3,117
179,000	1,666	1,666	1,666	1,666	1,758	1,850	2,191	2,483	2,606	3,128
180,000	1,672	1,672	1,672	1,672	1,764	1,857	2,198	2,491	2,616	3,140
181,000	1,678	1,678	1,678	1,678	1,770	1,864	2,205	2,500	2,625	3,150
182,000	1,683	1,683	1,683	1,683	1,777	1,870	2,214	2,508	2,634	3,160
183,000	1,691	1,691	1,691	1,691	1,783	1,877	2,221	2,517	2,644	3,173
184,000	1,696	1,696	1,696	1,696	1,790	1,883	2,230	2,526	2,652	3,183
185,000	1,702	1,702	1,702	1,702	1,795	1,890	2,237	2,534	2,661	3,193
186,000	1,708	1,708	1,708	1,708	1,801	1,896	2,244	2,543	2,669	3,203
187,000	1,714	1,714	1,714	1,714	1,807	1,903	2,251	2,552	2,680	3,216
188,000	1,718	1,718	1,718	1,718	1,814	1,909	2,260	2,560	2,688	3,226
189,000	1,724	1,724	1,724	1,724	1,820	1,916	2,267	2,569	2,698	3,237
190,000	1,729	1,729	1,729	1,729	1,826	1,922	2,274	2,577	2,707	3,249
191,000	1,735	1,735	1,735	1,735	1,831	1,928	2,281	2,586	2,715	3,259
192,000	1,741	1,741	1,741	1,741	1,837	1,933	2,289	2,595	2,724	3,269
193,000	1,745	1,745	1,745	1,745	1,843	1,941	2,296	2,602	2,733	3,279
194,000	1,751	1,751	1,751	1,751	1,849	1,946	2,303	2,611	2,741	3,289
195,000	1,757	1,757	1,757	1,757	1,854	1,952	2,310	2,619	2,750	3,301
196,000	1,762	1,762	1,762	1,762	1,860	1,958	2,317	2,628	2,759	3,311
198,000	1,772	1,772	1,772	1,772	1,872	1,971	2,332	2,644	2,776	3,331
200,000	1,784	1,784	1,784	1,784	1,883	1,982	2,346	2,659	2,793	3,352

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Current Base Rates +25%

\$1,000 Deductible

Proposed Effective Date: June 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
50,000	464	464	464	464	489	515	601	706	741	890
51,000	475	475	475	475	501	528	615	724	760	913
52,000	486	486	486	486	513	540	630	740	778	933
53,000	498	498	498	498	525	553	645	756	794	953
54,000	508	508	508	508	535	564	660	775	814	976
55,000	520	520	520	520	549	578	674	793	833	999
56,000	533	533	533	533	561	591	690	810	850	1,020
57,000	544	544	544	544	574	604	705	828	869	1,043
58,000	554	554	554	554	584	615	720	846	889	1,066
59,000	566	566	566	566	598	629	735	865	909	1,090
60,000	579	579	579	579	610	643	751	883	926	1,111
61,000	588	588	588	588	620	653	763	896	941	1,130
62,000	596	596	596	596	630	663	774	909	954	1,145
63,000	604	604	604	604	638	671	784	921	968	1,161
64,000	613	613	613	613	646	680	796	933	979	1,175
65,000	620	620	620	620	654	689	806	945	993	1,191
66,000	628	628	628	628	663	698	816	956	1,004	1,205
67,000	636	636	636	636	673	708	828	968	1,016	1,220
68,000	645	645	645	645	680	716	839	980	1,029	1,235
69,000	651	651	651	651	688	724	849	990	1,040	1,248
70,000	659	659	659	659	696	733	859	1,001	1,051	1,261
71,000	668	668	668	668	704	741	869	1,014	1,065	1,278
72,000	675	675	675	675	713	750	880	1,024	1,075	1,290
73,000	683	683	683	683	721	759	890	1,035	1,086	1,304
74,000	690	690	690	690	728	766	900	1,048	1,100	1,320
75,000	698	698	698	698	736	775	910	1,058	1,110	1,333
76,000	704	704	704	704	744	783	921	1,068	1,121	1,345
77,000	714	714	714	714	753	793	931	1,079	1,133	1,359
78,000	720	720	720	720	760	800	941	1,090	1,145	1,374
79,000	728	728	728	728	769	809	950	1,100	1,155	1,386
80,000	735	735	735	735	775	816	961	1,111	1,166	1,400
81,000	741	741	741	741	783	824	971	1,120	1,176	1,411
82,000	750	750	750	750	793	834	980	1,130	1,186	1,424
83,000	758	758	758	758	799	841	990	1,143	1,200	1,440
84,000	764	764	764	764	806	849	999	1,151	1,209	1,450
85,000	769	769	769	769	811	854	1,008	1,160	1,218	1,461
86,000	775	775	775	775	819	861	1,018	1,171	1,230	1,476
87,000	783	783	783	783	825	869	1,026	1,181	1,240	1,488
88,000	790	790	790	790	834	878	1,036	1,190	1,250	1,500
89,000	795	795	795	795	840	884	1,043	1,201	1,261	1,514
90,000	801	801	801	801	845	890	1,053	1,210	1,270	1,524

Farmers Union Mutual Insurance Company
Proposed HO2 Base Rates = Current Base Rates +25%
\$1,000 Deductible
Proposed Effective Date: June 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
91,000	808	808	808	808	853	898	1,063	1,220	1,281	1,538
92,000	815	815	815	815	860	905	1,071	1,230	1,291	1,550
93,000	819	819	819	819	865	910	1,078	1,239	1,301	1,561
94,000	829	829	829	829	875	921	1,086	1,246	1,309	1,570
95,000	833	833	833	833	879	925	1,096	1,258	1,320	1,584
96,000	839	839	839	839	886	933	1,105	1,266	1,330	1,596
97,000	844	844	844	844	891	938	1,111	1,271	1,335	1,603
98,000	851	851	851	851	899	946	1,120	1,278	1,341	1,610
99,000	856	856	856	856	904	951	1,129	1,284	1,348	1,618
100,000	860	860	860	860	908	955	1,136	1,290	1,355	1,626
101,000	869	869	869	869	916	965	1,148	1,303	1,369	1,643
102,000	878	878	878	878	925	974	1,159	1,315	1,381	1,658
103,000	885	885	885	885	935	984	1,170	1,329	1,395	1,674
104,000	894	894	894	894	944	993	1,181	1,341	1,408	1,689
105,000	903	903	903	903	953	1,003	1,193	1,354	1,421	1,705
106,000	911	911	911	911	961	1,013	1,204	1,366	1,435	1,723
107,000	920	920	920	920	970	1,021	1,215	1,379	1,449	1,739
108,000	928	928	928	928	980	1,031	1,225	1,393	1,461	1,754
109,000	936	936	936	936	989	1,040	1,236	1,405	1,475	1,770
110,000	945	945	945	945	998	1,050	1,248	1,418	1,489	1,786
111,000	954	954	954	954	1,006	1,060	1,259	1,430	1,501	1,801
112,000	963	963	963	963	1,015	1,069	1,270	1,443	1,515	1,818
113,000	970	970	970	970	1,025	1,079	1,283	1,455	1,528	1,833
114,000	979	979	979	979	1,034	1,088	1,294	1,468	1,541	1,850
115,000	988	988	988	988	1,043	1,098	1,305	1,480	1,554	1,865
116,000	996	996	996	996	1,051	1,108	1,316	1,493	1,568	1,881
117,000	1,005	1,005	1,005	1,005	1,060	1,116	1,328	1,505	1,581	1,898
118,000	1,013	1,013	1,013	1,013	1,070	1,126	1,338	1,519	1,594	1,913
119,000	1,021	1,021	1,021	1,021	1,079	1,135	1,349	1,531	1,608	1,929
120,000	1,030	1,030	1,030	1,030	1,088	1,145	1,360	1,544	1,621	1,945
121,000	1,039	1,039	1,039	1,039	1,096	1,155	1,371	1,556	1,634	1,960
122,000	1,048	1,048	1,048	1,048	1,105	1,164	1,383	1,569	1,648	1,978
123,000	1,056	1,056	1,056	1,056	1,115	1,174	1,394	1,581	1,660	1,993
124,000	1,065	1,065	1,065	1,065	1,124	1,183	1,405	1,594	1,674	2,009
125,000	1,074	1,074	1,074	1,074	1,133	1,193	1,416	1,606	1,686	2,024
126,000	1,083	1,083	1,083	1,083	1,141	1,203	1,428	1,619	1,700	2,040
127,000	1,091	1,091	1,091	1,091	1,150	1,211	1,439	1,631	1,713	2,055
128,000	1,099	1,099	1,099	1,099	1,160	1,221	1,449	1,644	1,726	2,071
129,000	1,108	1,108	1,108	1,108	1,169	1,230	1,460	1,656	1,739	2,086
130,000	1,116	1,116	1,116	1,116	1,178	1,240	1,471	1,669	1,753	2,103
131,000	1,125	1,125	1,125	1,125	1,186	1,250	1,483	1,681	1,765	2,118

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Current Base Rates +25%

\$1,000 Deductible

Proposed Effective Date: June 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
132,000	1,134	1,134	1,134	1,134	1,196	1,259	1,494	1,694	1,779	2,135
133,000	1,141	1,141	1,141	1,141	1,205	1,269	1,505	1,706	1,791	2,150
134,000	1,150	1,150	1,150	1,150	1,215	1,278	1,516	1,719	1,805	2,166
135,000	1,159	1,159	1,159	1,159	1,224	1,288	1,528	1,731	1,818	2,181
136,000	1,168	1,168	1,168	1,168	1,233	1,298	1,539	1,744	1,831	2,198
137,000	1,176	1,176	1,176	1,176	1,241	1,306	1,549	1,756	1,844	2,213
138,000	1,184	1,184	1,184	1,184	1,251	1,316	1,560	1,769	1,858	2,229
139,000	1,193	1,193	1,193	1,193	1,260	1,325	1,570	1,781	1,870	2,244
140,000	1,201	1,201	1,201	1,201	1,269	1,335	1,581	1,794	1,884	2,260
141,000	1,210	1,210	1,210	1,210	1,278	1,345	1,593	1,806	1,896	2,275
142,000	1,219	1,219	1,219	1,219	1,286	1,354	1,604	1,819	1,909	2,290
143,000	1,226	1,226	1,226	1,226	1,296	1,364	1,614	1,830	1,923	2,308
144,000	1,235	1,235	1,235	1,235	1,305	1,373	1,625	1,843	1,935	2,323
145,000	1,244	1,244	1,244	1,244	1,314	1,383	1,636	1,855	1,948	2,338
146,000	1,253	1,253	1,253	1,253	1,323	1,393	1,648	1,868	1,961	2,354
147,000	1,261	1,261	1,261	1,261	1,331	1,401	1,659	1,880	1,974	2,369
148,000	1,270	1,270	1,270	1,270	1,341	1,411	1,670	1,893	1,988	2,385
149,000	1,279	1,279	1,279	1,279	1,350	1,420	1,681	1,905	2,000	2,400
150,000	1,288	1,288	1,288	1,288	1,359	1,430	1,693	1,918	2,014	2,416
151,000	1,294	1,294	1,294	1,294	1,365	1,436	1,700	1,926	2,023	2,428
152,000	1,299	1,299	1,299	1,299	1,371	1,443	1,708	1,935	2,031	2,438
153,000	1,305	1,305	1,305	1,305	1,378	1,450	1,716	1,944	2,041	2,450
154,000	1,310	1,310	1,310	1,310	1,384	1,456	1,724	1,953	2,050	2,460
155,000	1,316	1,316	1,316	1,316	1,390	1,463	1,731	1,961	2,059	2,470
156,000	1,323	1,323	1,323	1,323	1,396	1,469	1,739	1,970	2,068	2,481
157,000	1,328	1,328	1,328	1,328	1,403	1,475	1,746	1,979	2,076	2,491
158,000	1,334	1,334	1,334	1,334	1,408	1,483	1,754	1,986	2,086	2,504
159,000	1,339	1,339	1,339	1,339	1,414	1,489	1,761	1,995	2,095	2,514
160,000	1,345	1,345	1,345	1,345	1,420	1,495	1,769	2,004	2,104	2,525
161,000	1,351	1,351	1,351	1,351	1,426	1,501	1,776	2,013	2,113	2,535
162,000	1,356	1,356	1,356	1,356	1,433	1,508	1,784	2,021	2,121	2,545
163,000	1,363	1,363	1,363	1,363	1,438	1,514	1,791	2,029	2,131	2,558
164,000	1,368	1,368	1,368	1,368	1,444	1,520	1,799	2,038	2,140	2,568
165,000	1,374	1,374	1,374	1,374	1,450	1,526	1,806	2,046	2,149	2,579
166,000	1,379	1,379	1,379	1,379	1,456	1,533	1,814	2,055	2,158	2,589
167,000	1,385	1,385	1,385	1,385	1,461	1,539	1,821	2,063	2,166	2,600
168,000	1,390	1,390	1,390	1,390	1,468	1,544	1,828	2,071	2,175	2,610
169,000	1,396	1,396	1,396	1,396	1,473	1,550	1,835	2,079	2,184	2,620
170,000	1,401	1,401	1,401	1,401	1,479	1,556	1,843	2,088	2,193	2,631
171,000	1,406	1,406	1,406	1,406	1,485	1,563	1,850	2,095	2,201	2,641
172,000	1,411	1,411	1,411	1,411	1,490	1,569	1,856	2,104	2,209	2,650

Farmers Union Mutual Insurance Company

Proposed HO2 Base Rates = Current Base Rates +25%

\$1,000 Deductible

Proposed Effective Date: June 1, 2014

Dwelling Coverage A Amount	Public Protection Class									
	1	2	3	4	5	6	7	8	9	10
173,000	1,418	1,418	1,418	1,418	1,496	1,574	1,864	2,111	2,218	2,661
174,000	1,423	1,423	1,423	1,423	1,501	1,580	1,870	2,120	2,225	2,670
175,000	1,428	1,428	1,428	1,428	1,508	1,586	1,878	2,128	2,234	2,680
176,000	1,433	1,433	1,433	1,433	1,513	1,593	1,884	2,135	2,243	2,691
177,000	1,438	1,438	1,438	1,438	1,518	1,598	1,891	2,143	2,250	2,700
178,000	1,444	1,444	1,444	1,444	1,524	1,604	1,898	2,151	2,259	2,710
179,000	1,449	1,449	1,449	1,449	1,529	1,609	1,905	2,159	2,266	2,720
180,000	1,454	1,454	1,454	1,454	1,534	1,615	1,911	2,166	2,275	2,730
181,000	1,459	1,459	1,459	1,459	1,539	1,621	1,918	2,174	2,283	2,739
182,000	1,464	1,464	1,464	1,464	1,545	1,626	1,925	2,181	2,290	2,748
183,000	1,470	1,470	1,470	1,470	1,550	1,633	1,931	2,189	2,299	2,759
184,000	1,475	1,475	1,475	1,475	1,556	1,638	1,939	2,196	2,306	2,768
185,000	1,480	1,480	1,480	1,480	1,561	1,644	1,945	2,204	2,314	2,776
186,000	1,485	1,485	1,485	1,485	1,566	1,649	1,951	2,211	2,321	2,785
187,000	1,490	1,490	1,490	1,490	1,571	1,655	1,958	2,219	2,330	2,796
188,000	1,494	1,494	1,494	1,494	1,578	1,660	1,965	2,226	2,338	2,805
189,000	1,499	1,499	1,499	1,499	1,583	1,666	1,971	2,234	2,346	2,815
190,000	1,504	1,504	1,504	1,504	1,588	1,671	1,978	2,241	2,354	2,825
191,000	1,509	1,509	1,509	1,509	1,593	1,676	1,984	2,249	2,361	2,834
192,000	1,514	1,514	1,514	1,514	1,598	1,681	1,990	2,256	2,369	2,843
193,000	1,518	1,518	1,518	1,518	1,603	1,688	1,996	2,263	2,376	2,851
194,000	1,523	1,523	1,523	1,523	1,608	1,693	2,003	2,270	2,384	2,860
195,000	1,528	1,528	1,528	1,528	1,613	1,698	2,009	2,278	2,391	2,870
196,000	1,533	1,533	1,533	1,533	1,618	1,703	2,015	2,285	2,399	2,879
198,000	1,541	1,541	1,541	1,541	1,628	1,714	2,028	2,299	2,414	2,896
200,000	1,551	1,551	1,551	1,551	1,638	1,724	2,040	2,313	2,429	2,915

State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
Product Name:	Homeowners		
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV		

Supporting Document Schedules

Satisfied - Item:	H-1 Homeowners Abstract
Comments:	
Attachment(s):	0064 03 14 12 H-1 signed.pdf
Item Status:	Filed
Status Date:	07/31/2014

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	0064 03 14 12 Loss Cost Data Entry Form final.pdf
Item Status:	Filed
Status Date:	07/31/2014

Satisfied - Item:	Actuarial Explanatory Memorandum
Comments:	
Attachment(s):	FUMIC Actuarial Memorandum - final 0064 03 14 12.pdf
Item Status:	Filed
Status Date:	07/31/2014

Satisfied - Item:	Exhibit I - Insurance Expense Exhibit
Comments:	
Attachment(s):	Exhibit I 0064 03 14 12.pdf
Item Status:	Filed
Status Date:	07/31/2014

Satisfied - Item:	Exhibit II - Direct Results
Comments:	
Attachment(s):	Exhibit II 0064 03 14 12.pdf
Item Status:	Filed
Status Date:	07/31/2014

Satisfied - Item:	Exhibiti III - Direct and Assumed
Comments:	
Attachment(s):	Exhibit III 0064 03 14 12.pdf
Item Status:	Filed

State:	Arkansas	Filing Company:	Farmers Union Mutual Insurance Co
TOI/Sub-TOI:	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
Product Name:	Homeowners		
Project Name/Number:	FUMIC HO2 Rate increase /0064 HO RA REV		

Status Date:	07/31/2014
Satisfied - Item:	Exhibit IV - Allocation of Investment Income
Comments:	
Attachment(s):	Filing Exhibit IV.pdf
Item Status:	Filed
Status Date:	07/31/2014
Satisfied - Item:	Exhibit V - Development of Loss and LAE
Comments:	
Attachment(s):	Exhibit V 0064 03 14 12.pdf
Item Status:	Filed
Status Date:	07/31/2014
Satisfied - Item:	Exhibiti VI - Rate Indication
Comments:	
Attachment(s):	ExhibitVI 0064 03 14 12.pdf
Item Status:	Filed
Status Date:	07/31/2014

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name _____

NAIC # (including group #) _____

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.

5. Specify the percentage given for credit or discounts for the following:

- | | |
|---|---------|
| a. Fire Extinguisher | _____ % |
| b. Burglar Alarm | _____ % |
| c. Smoke Alarm | _____ % |
| d. Insured who has both homeowners and auto with your | _____ % |

company

- | | |
|-------------------------|---------|
| e. Deadbolt Locks | _____ % |
| f. Window or Door Locks | _____ % |
| g. Other (specify) | _____ % |
| | _____ % |
| | _____ % |

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form

Premium Volume

8. Do you write homeower risks which have aluminum, steel or vinyl siding? ☐ Yes ☐ No

9. Is there a surcharge on risks with wood heat?

If yes, state the surcharge

Does the surcharge apply to conventional fire places?

If yes, state the surcharge

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Printed Name

Title

Telephone Number

Email address

AID PC H-1 (1/06)

NAIC LOSS COST DATA ENTRY DOCUMENT (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	
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		Company Name				Company NAIC Number	
3.	A.			B.			

		Product Coding Matrix Line of Business (i.e., Type of Insurance)				Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A.			B.			

5.							
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
TOTAL OVERALL EFFECT Homeowners							

6. 5 Year History Rate Change History See Exhibit II Page 7							
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio

7. See Exhibit V	
Expense Constants	Selected Provisions
A. Total Production Expense	
B. General Expense	
C. Taxes, License & Fees	
D. Underwriting Profit * & Contingencies	
E. Other (explain) **	
F. TOTAL	

* net of I.I.

8. _____ Apply Lost Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____ **Net reinsurance
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

Explanatory Memorandum

The Farmers Union Mutual Insurance Company (FUMIC) hereby files for a 15% rate increase for its Homeowners business written on its HO2 forms. The proposed rate increase percentage will be the same for all policyholders. No other rating rules or factors are being changed. The discussion below and attached exhibits demonstrate an indicated rate need (+26.2%) that is materially larger than the proposed increase (15%). FUMIC has incurred Homeowners loss ratios greater than its permissible loss ratio (60.2%) for each and every year in the 2004-2013 period reviewed. FUMIC has also experienced three years with significant catastrophe losses. Actual catastrophe losses have been used in the rate indication, not a modeled cat loss provision based on FUMIC current (greatly reduced) exposure base.

Proposed Effective Date

The proposed effective date rule for this filing is:

“These changes are applicable to all FUMIC Homeowners HO2 policies renewed on or after October 1, 2014.”

FUMIC is no longer writing any new HO2 Homeowners business. If approval is not received prior to the proposed effective date, these changes will become effective upon approval.

Company

The Farmers Union Mutual Insurance Company (NAIC # 37613) is domiciled in Arkansas and writes business exclusively in Arkansas.

The experience and results shown in this filing include experience for the Town and Country Mutual Insurance Company which was merged into FUMIC. The Town and Country Mutual merger was effective at the end of 2010. This filing covers the same product within the same line of business (Homeowners) as a recent approved filing (effective date 6/1/2014 SERFF Tracking # MUOF- 129534481).

FUMIC writes two types of Homeowners policies:

- HO2 policies for which a +25% rate increase was recently approved effective 6/1/2014;
- ACV policies for which a +30% rate increase was recently proposed to be effective 9/1/2014.

Results for both types of policies are included annual statement line of business 4, Homeowners.

The proposed implementation plan in this filing is a flat % increase that will be the same for all HO2 policyholders. FUMIC continues to pursue underwriting actions to restore the FUMIC Homeowners book of business to profitability, including an exhaustive risk inspection program, an enhanced agency selection/retention process and additional staff training as well the nonrenewal and rewriting of some business from the replacement cost HO2 form to ACV Homeowners forms. After careful consideration, FUMIC has determined that an additional rate increase is warranted for the HO2 policies in addition to approved increase effective June 1, 2014 and the underwriting actions taken to date.

Because the last increase for the HO2 policies was effective on June 1, 2014, some policies (those with effective dates between 10/1/2014 and 5/30/2015) will see the combined effects of both increases, i.e., a rate increase of $43.75\% = ((1.25 \times 1.15) - 1)$. The remainder of the HO2 book, those policies with effective dates between 6/1/2014 and 9/30/2014 will receive the proposed 15% rate increase at the time they renew.

Explanatory Memorandum

Expense Experience

A summary of recent Homeowners results as reported in the FUMIC Insurance Expense Exhibit (IEE) is included as Exhibit I. (Note this is revised version of the Exhibit I in the 6/1/2014 filing that contains a correction to include Defense and Cost Containment LAE experience inadvertently omitted from the prior version.) On a direct calendar year basis as reported in the IEE Homeowners incurred losses (without LAE or underwriting expenses), for the latest five year period, have exceeded earned premium:

Farmers Union Mutual Insurance Company		
Insurance Expense Exhibit – Homeowners – Part III (Direct)		
Item	2009-13	2004-13
Written Premium	22,883	38,551
Earned Premium	23,900	38,340
Incurred Loss	24,133	38,204
Defense and Cost Containment LAE Incurred	1,579	2,114
Adjusting and Other LAE Incurred	609	830
Commission Expenses Incurred	1,234	3,961
Other Acquisition Expenses Incurred	0	0
General Expenses Incurred	1,273	2,518
Taxes, Licenses and Fees Incurred	501	833
Pre-Tax Profit or Loss Excluding All Investment	(5,319)	(9,895)
Direct Combined Ratio	123.3%	126.3%

These calendar year results include all catastrophe losses incurred in this period and the company's IBNR, i.e., they reflect the estimated ultimate value of incurred losses during this period. Since Homeowners is a short-tail property coverage, the disparity between calendar year and accident year losses is relatively minor. These multi-year results are not sustainable. These IEE results are solely from the business written by FUMIC and do not include the pre-merger results for business written by companies that were merged into FUMIC during the experience period.

Exhibit I contains 3 pages:

- Page 1 contains direct results based on IEE Part III
- Page 2 contains net results based on IEE Part II
- Page 3 contains ceded results calculated as IEE Part III minus IEE Part II

Note that the sign convention for page 3 is from the reinsurer's perspective, i.e., premium is positive so a pre-tax profit in this section is the reinsurer's profit, i.e., the net cost of reinsurance to FUMIC.

Historical Calendar Year Experience

A summary of recent Homeowners calendar year results as reported on the annual statement's Exhibit of Premiums and Losses (Statutory Page 14) is attached as Exhibit II. This is also a revised exhibit compared to the one included in the 6/1/2014 filing. It now contains 4 pages:

- Page 1 is an 11 year summary of the Homeowners results for the Farmers Union Mutual Insurance Company (2003-2013). Since FUMIC only writes in Arkansas, the Arkansas and Grand Total sections are identical;

Explanatory Memorandum

- Page 2 is the same type of summary for the Homeowners results for Town and Country Mutual Insurance Company (TCMIC) (2003-2010) before its merger with Farmers Union Mutual Insurance Company. Since TCMIC only wrote business in Arkansas, the Arkansas and Grand Total sections are identical;
- Page 3 is a summary that combines the Farmers Union and Town and Country Homeowners results for all years (2003-2013), i.e., this is a long term summary for the combined books of Homeowners business. The 5 and 10 year loss and DCC ratios (without any underwriting expenses) for the combined book are 104.8% and 108.6% respectively. Effective 6/1/2014 FUMIC took a +25% increase on just the HO2 portion of its Homeowners book of business and FUMIC recently filed for a proposed +30% increase on the ACV portion of its Homeowners book of business to be effective 9/1/2014;
- Page 4 uses the date information about which type of policies (ACV vs HO2) was written during each year to estimate of the results for the ACV vs HO2 books. It assumes that all business in both companies written before 1/1/2010 was written on the ACV forms.
- Page 5 displays the rate data for the proposed 9/1/2014 +30% rate change for FUMIC's ACV HO policies.
- Page 6 displays the rate data for the approved 6/1/2014 +25% rate change for FUMIC's HO2 HO policies, i.e., the first HO2 HO rate change.
- Page 7 displays the rate data for the proposed 10/1/2014 +15% rate change for FUMIC's HO2 HO policies, i.e., the second HO2 HO rate change that is this filing.

Notes for the analysis on page 4 are as follows. For 2010, FUMIC began switching policies at renewal to the HO2 form on 1/1/2010 which would mean that about half of 2010's earned premium would be HO2 premium and remainder would be ACV premium earned in 2010 on ACV policies written in 2009. In 2011 and 2012 FUMIC internal reports say that all Homeowners business was written and earned on the HO2 forms. For 2013, FUMIC initiated the switch back to the ACV forms in June of 2013 means that 7/12 of 2013 written premium would be ACV premium but only about 19% of 2013 earned premium was ACV premium. Internal company reports gave actual figures for the key years which were used in the remainder of the analysis. The actual and formula earned %s were similar.

Applying these earned %s by type of Homeowners product (ACV vs HO2) to the total Homeowners earned premium from Page 3 gives estimated earned premium for the ACV vs HO2 portions of the book of business. In the absence of any long term summary of the experience for the ACV and HO2 books separately, these earned %s have also been used to split the calendar year incurred losses and incurred DCC using the same % developed above and used to split the earned premiums. While this assigns the same loss ratio to both books in the years when both contributed to earned premium, there are only two years out of the last 10 (2010 and 2013) with significant overlap between the two books. The final lines on page 4 say that using the ACV vs HO2 splits described above results in the following 10 year loss and DCC to earned premium ratios by type of Homeowners policy:

- ACV 108%
- HO2 110%

The ACV book does not appear to have performed much better than the HO2 book; both clearly need a rate increase. These are actual historical calendar year results; they have not been adjusted for claim cost trend (i.e., inflation) and do not include underwriting expenses or Adjusting & Other LAE.

All of the 2014 FUMIC Homeowners FUMIC filings:

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Explanatory Memorandum

- The approved +25% HO2 increase effective 6/1/2014;
- The proposed +30% ACV increase effective 9/1/2014;
- This proposed +15% HO2 increase effective 10/1/2014

are based on all the calendar-accident year Homeowners experience for both types of policies (ACV and HO2) and for both companies (FUMIC and TCMIC) since it was based on the most recent FUMIC Schedule P Part 1 (which includes a restatement to include TCMIC results for prior pre-merger accident years.)

These rate reviews have been done using the all the Homeowners experience and preferred type of data (calendar-accident year) with losses were developed to ultimate and losses were trended to the future cost level for the policies to be written using the new rates. They all clearly show a significant rate increase is indicated for the entire Homeowners book. The two prior analyses provided support for the approved +25% increase on the HO2 book and the proposed +30% increase on the ACV book. This filing contains a revised version of the analysis that reflects the expected impact of the two prior filings. In other words, the historical premiums used in the prior analyses have been brought on level for expected overall effect (+27.9%) of the implementation of the prior filings. Thus the current +26.2% indication already reflects the prior FUMIC 2014 HO filings.

Farmers Union & Town and Country Mutual Insurance Companies combined		
Exhibit of Premiums and Losses (Statutory Page 14) – Homeowners (ACV & HO2)		
Item	2009-13	2004-13
Written Premium	29,789	60,255
Earned Premium	30,742	58,849
Incurred Loss	30,140	60,706
Defense and Cost Containment LAE Incurred	2,090	3,212
Commission Expenses Incurred	2,021	5,802
Taxes, Licenses and Fees Incurred	717	1,218

The reported FUMIC and TCMIC combined incurred losses (without LAE or underwriting expenses) on Statutory Page 14 have exceeded earned premiums for both the most recent 5 and 10 year periods. These multi-year results are not sustainable. These Statutory Page 14 results do include the pre-merger results for business written by TCMIC which was subsequently merged into FUMIC. At times in the past, there were inconsistencies in the treatment of various figures between the IEE, Statutory Page 14 and Schedule P Part 1. These are especially apparent in the treatment of LAE. The results shown in the summary exhibit (Exhibit II Page 3) match the Statutory Page 14 figures as reported by FUMIC and TCMIC in their various prior annual statements.

Historical Calendar Accident Year Experience

A third summary of recent Homeowners calendar-accident year results as reported in the FUMIC annual statement's Schedule P Part 1 A is attached as Exhibit III. This multi-page exhibit displays results for direct & assumed paid losses and case incurred losses in a traditional loss development triangle approach. (Note that this same exhibit was included in the recently approved HO2 filing effective 6/1/2014. Some minor changes have been made in this section to reflect the current analysis.)

Exhibit III contains calendar/accident year experience and prior calendar/accident years have been partially adjusted for prior company mergers with Farmers Union Mutual Insurance Company. A series

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of development triangles based on the Schedule P data have been included. For all accident years, the calendar year 2013 figures (the latest diagonal):

- Have been used as the latest valuation of experience for all prior accident years since they have been recast to include results for all companies merged into FUMIC.
- Have not been used in the calculation of loss development factors because they reflect the year end 2013 combination of historical FUMIC data with the addition of Town and Country Mutual data for accident years 2010 and prior.

FUMIC's development on its homeowners book of business is typically modest and losses for this line are generally at or near ultimate by 36 months. The 2013 FUMIC Schedule P Part 1A figures have been recast to include historic results (premiums and losses) for Town and Country Mutual for all prior calendar/accident years, including those years before the merger with FUMIC.

Exhibit III consists of four pages, actually two sets of two pages each:

- Exhibit III Pages 1 & 2 contain a loss development analysis of FUMIC's direct & assumed losses paid (without LAE or IBNR)
- Exhibit III Pages 3 & 4 contain the same type of loss development analysis of FUMIC's direct and assumed case incurred losses (without LAE, IBNR or Bulk reserves).

The material to follow in this section describes key points about each of the two loss development analyses.

On pages 1 & 3 column (2) presents calendar year earned premium recast to include all companies merged into FUMIC during the experience period. This earned premium provides a measure of exposure / volume of business for all the years. There was significant growth in the book of business for all years shown until 2012. The material decline in premium volume for 2012 and 2013 reflect the current management team's efforts to address poor past results.

Columns (3) through (12) present cumulative accident year results at various valuation dates. The figures on the latest diagonal reflect the results for each accident year as of 12/31/2013 and these match FUMIC's 2013 Schedule P Part 1A. This latest diagonal is the only part of the loss development triangle that was recast to include prior accident year results for companies merged into FUMIC.

In the bottom half of these page columns (20) through (30) present incremental accident year results at the same various valuation dates. The figures shown here are the difference between adjacent figures for the same accident years shown in the upper section. Note the unusual material incremental losses for accident years 2010 and prior in the latest diagonal. These are the figures that were recast to include Town and Country Mutual results from the pre-merger years.

On the next page (pages 2 & 4) there is a table of age-to-age loss development factors; these correspond to the growth of cumulative losses in the initial section (columns (3) through (12)). Following the age-to-age development triangle, a series of averages are shown. Note that the latest diagonal of age to age factors is reflects the comparison of accident year losses at the latest valuation (12/31/2013) for both FUMIC and Town and Country Mutual to FUMIC only losses as of the 12/31/2012 valuation. Since this is comparing apples to oranges, the latest diagonal age-to-age factors were excluded from the selected factors.

Below the age-to-age factors, the cumulative loss development factors are displayed as well. The following table summarizes the selected cumulative loss development factors to ultimate developed in Exhibit III.

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Farmers Union Mutual Insurance Company		
Schedule P Part 1A Experience		
	Cumulative Age to Ultimate Loss Development Factors	
Period	Paid Losses	Case Incurred Losses
12 to Ult	1.115	1.033
24 to Ult	1.028	1.003
36 to Ult	1.022	1.002
48 to Ult	1.002	1.002

These development factors are relatively modest, especially for case incurred losses as of 24 months or later.

Investment Income

A traditional investment income provision (primarily based on Insurance Expense Exhibit data for 2012 and 2013) is developed in Exhibit IV. (Note that this same exhibit was included in the recently approved HO2 filing effective 6/1/2014.)

In brief, surplus is allocated to line of business via a ratio of surplus to net liabilities and earned premium. An overall investment gain ratio is developed. A prepaid expense ratio is developed. These figures are then used to allocate overall investment income to line of business. Finally, a total investment income divided by direct earned premium ratio is calculated, this figure, 1.4%, will be used to reduce the profit provision for the expected investment income earned during the period when the proposed rates will be in effect.

Selected Expense Provisions

The selected expense provisions are displayed and used to develop the expected loss ratio in Exhibit V. (Note that this same exhibit was included in the recently approved HO2 filing effective 6/1/2014.)

Generally data from Exhibit I (the IEE data) was used but some adjustments were made to the purely historical data shown in Exhibit I. The selected provisions were developed as follows:

Commission – In prior years, new business commission for homeowners was 20% and renewal business commissions ranged from 17% to 20%. Prospectively, the current FUMIC commission schedule for agents will result in paying 15% for Homeowners business new and renewal going forward.

Other Acquisition Expense – Historically FUMIC has not recorded Other Acquisition Expense so 0% was selected for this filing

General Expense – The FUMIC IEE Part III (Direct) is incomplete for General Expenses so figures from Part II (Net) were used instead since FUMIC's ceded reinsurance was not likely to have affected its internal general underwriting expenses.

Taxes, Licenses and Fees – Prior to 1/1/2011 Farmers Union Mutual Insurance Company was a farm mutual aid association and did not pay premium tax on much of its premium volume. Beginning 1/1/2011, Farmers Union Mutual became a mutual insurance company responsible for premium taxes of approximately 3%.

A profit and contingencies provision of 5% was selected as the traditional profit and contingency provision. This provision was reduced by 1.4% for FUMIC's latest investment income per Exhibit IV.

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A net cost of reinsurance provision of 0.8% is developed in Exhibit I page 3 (last line) based on the ceded data portion shown on this page. The provision is the latest 5 year cost of reinsurance (ceded pre-tax profit divided by direct earned premium).

Exhibit V line (16) displays the combination of these figures to give the expected or permissible loss and LAE ratio, 60.2%.

Rate Indications

Exhibit VI contains the rate indications for this filing. (Note that this exhibit is essentially same as the final version of this exhibit for the approved 6/1/2014 filing for HO2 rates and the revised exhibit used to support the proposed 9/1/2014 filing for ACV rates. It reflects the revisions made to remove the use of Cat model estimates of Catastrophe losses and use FUMIC's actual catastrophe losses incurred. It also includes an adjustment to the accident year weights in column 7 of page 1 to exclude results for the years when FUMIC wrote only ACV policies.)

The rate indication calculation is shown on page 1 and pages 2-5 present supporting analysis for various figures on page 1. A weighted average of on-level adjusted non-cat loss ratios for the latest 4 years when FUMIC wrote HO2 Homeowners (2010- 2013) was selected. Subsequent adjustments included:

- a factor to loss losses for LAE
- a credibility calculation

The overall rate need indicated by this analysis is +26.2%.

Rate History

In recent months FUMIC has taken:

- An approved +25% rate change for just the HO2 portion of its Homeowners book of business, i.e., the recent HO2 rate change effective 6/1/2014.
- A proposed +30% rate change for just the ACV portion of its Homeowners book of business, i.e., the recently proposed ACV change effective 9/1/2014

In the recent ACV filing the bulk of the HO2 experience was excluded (via the choice of accident year weights in column (7)) so the results reflect predominantly the ACV HO business FUMIC has written since 2004. The HO2 increase did not affect the ACV rates so no change was indicated for the onlevel factor analysis. Accident year weights were changed again in this filing to focus just on the years when FUMIC has written HO2 business, i.e., 2010 to present.

FUMIC has initiated an underwriting plan that includes increased field inspection of new business and tighter underwriting by FUMIC personnel. Much of the underwriting responsibility had been shifted to the independent agency force during 2004-2006, but results were not satisfactory in 2006.

FUMIC standardized the valuation of Coverage A throughout its HO2 book and began an insurance-to-value initiative on January 1, 2010 in which coverage limits were increased at renewal to achieve a valuation of \$60/square foot which increased premiums substantially. In 2010 FUMIC was able to renew more than 80% of its policies, even with the increased premiums. Since this was implemented as policies were written or renewed in 2010 only half of the increase was earned in 2010.

In 2011 the FUMIC strengthened its underwriting guidelines and continues to inspect 100% of the new risks submitted while re-inspecting a number of risks already currently insured. Performance of all agencies doing business with the Company has been reviewed for profitability and production and

Explanatory Memorandum

actions appropriate with the findings taken. Actions initiated by the Company in prior year relative to the types of products and insured values have caused both frequency and severity of claims to increase.

The increased valuations often resulted in a great disparity between the market value and the insured value for some policies. As policies were inspected, in some cases where there was a great disparity between market value and replacement cost the HO2 policies were non-renewed. In some cases HO2 insureds were later offered an opportunity to purchase ACV coverage for an appropriate limit. Exhibit VI Page 2 displays the treatment of these events in the development of the exposure trend adjustment used to bring the historic earned premiums to current exposure levels.

Catastrophe Losses

Exhibit VI page 3 displays the calculation of claim severity trend factors and the application of loss development factors. Note that this page is essentially same as the revised page for the approved 6/1/2014 HO2 filing, the modeled catastrophe adjustment has been removed and the loss trend period date has been amended to reflect the 10/1/2014 proposed effective date for this filing.

Loss Trend

Exhibit VI page 5 displays claim severity trend data and selected annual loss trend provision. A claim transaction detail file was analyzed to determine claim severity trend. The file contained 16,379 claim transactions between 2/25/2005 and 12/23/2013. These transactions arose from 9,496 unique claim numbers. The following table summarizes these claims by accident year.

Farmers Union Mutual Insurance Company					
Accident Year	# of Claims	Total Amount	# Claims > \$8,000	Total Amount With Claims Limited To \$8,000 Per claim	Average Limited Claim Amount
2005	17	\$33,457	1	\$13,924	\$819
2006	214	\$1,099,677	18	\$343,603	\$1,606
2007	785	\$5,132,773	88	\$1,821,792	\$2,321
2008	2,991	\$13,394,292	305	\$8,540,690	\$2,855
2009	1,852	\$7,800,495	118	\$3,826,687	\$2,067
2010	1,036	\$5,376,282	80	\$2,597,849	\$2,508
2011	1,648	\$10,698,336	154	\$4,877,227	\$2,959
2012	678	\$5,291,480	86	\$2,153,515	\$3,176
2013	275	\$1,771,065	25	\$685,288	\$2,492

The individual claim amounts were limited to \$8,000 per claim to reduce the effect of catastrophes and shock losses on the claim severity trend calculations. As shown in Exhibit VI page 5, an exponential curve fitted to the limited claim size figures for 2007-2013 suggests that the average claim size is increasing by 2.8% per year. The data from 2005 and 2006 was considered too sparse to be credible and too old to be reflective of current conditions. However, if it had been included the trend calculation the projected annual trend % would have been larger.

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Loss Adjustment Expense

Loss adjustment expense has been loaded into incurred losses via a loss adjustment expense factor developed in Exhibit VI page 4. After investigation of FUMIC historical figures from multiple sources (Insurance Expense Exhibit, Statutory Page 14 and Schedule P Part 1A) the results shown in the 2013 Schedule P Part 1A are believed to be the most appropriate. In the 2013 Schedule P, results for prior calendar/accident years were recast to reflect the merger of Farmers Union Mutual with Town and Country Mutual. Per data from FUMIC's 2013 Schedule P Part 1A, for the latest five accident-year period (2009-2013) the ratio of paid LAE to paid loss is 5.4%, as shown in Exhibit VI Page 4.

Revised Rate Pages

FUMIC's proposed new HO2 rate pages are attached as Exhibit VII. These HO2 rates were selected as a flat % increase of 43.75% over FUMIC's pre June 2014 HO2 HO rates. This is a 15% increase over the approved HO2 HO rates effective 6/1/2014. Exhibit VII consists of 4 pages for FUMIC's HO2 Homeowners program.

Farmers Union Mutual Insurance Company

Insurance Expense Exhibit (000) Omitted
Homeowners Multiple Peril

Data as reported by A.M. Best via BestLink © A.M. Best Company – used by permission

IEE Col.	Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2009-13	Latest 5 yr	Latest 10 yr

Part III - Allocation to Lines of Direct Business Written

1	Premiums Written	2,046	2,157	4,590	4,586	2,289	2,968	7,313	7,045	2,902	2,655	22,883	38,551	
3	Premiums Earned	1,738	1,406	4,368	4,578	2,350	3,058	6,176	7,113	4,878	2,675	23,900	38,340	
5	Dividends to Policyholders	0	0	0	0	0	0	0	0	0	0	0	0	
7	Incurred Loss	1,501	995	4,418	3,547	3,610	3,635	4,266	10,391	4,101	1,740	24,133	38,204	
9	Defense and Cost Containment Expenses Incurred	0	60	0	138	337	320	327	634	298	0	1,579	2,114	
11	Adjusting and Other Expenses Incurred	95	0	0	126	0	0	0	609	0	0	609	830	
13	Unpaid Losses	309	298	701	661	365	540	991	1,248	650	259	3,688	6,022	
15	Defense and Cost Containment Expenses Unpaid	0	14	0	22	23	0	15	39	30	0	84	143	
17	Adjusting and Other Expenses Unpaid	0	0	0	0	0	0	0	39	0	0	39	39	
19	Unearned Premium Reserves	932	1,038	2,230	2,238	0	1,261	1,170	0	1,433	1,414	5,278	11,716	
21	Agent's Balances	0	0	0	0	0	0	0	0	0	0	0	0	
23	Commission and Brokerage Expenses Incurred	108	401	886	878	454	335	388	184	28	299	1,234	3,961	
25	Taxes, Licenses & Fees Incurred	23	68	78	86	77	8	87	228	82	96	501	833	
27	Other Acquisitions, Field Supervision, and Collection Expenses Incurred	0	0	0	0	0	0	0	0	0	0	0	0	
29	General Expenses Incurred	37	0	0	56	22	0	110	0	0	0	110	225	
31	Other Income Less Expenses	(276)	(118)	(1,014)	(615)	(2,553)	(1,240)	(55)	(4,933)	369	540	(5,319)	(9,895)	
33	Pre-Tax Profit or Loss Excluding All Investment Gain	1,270	1,006	4,015	3,587	3,906	3,460	3,815	10,134	4,699	2,132	24,240	38,024	
	Paid Loss	0	46	14	116	336	343	312	610	307	30	1,602	2,114	
	Defense and Cost Containment Expenses Paid	95	0	0	126	0	0	0	570	39	0	609	830	
	Adjusting and Other Expenses Paid													

Direct Expense Ratios

Inc. Loss / Earned Premium Ratio	= (4) / (2)	86.4%	70.8%	101.1%	77.5%	153.6%	118.9%	69.1%	146.1%	84.1%	65.1%	101.0%	99.6%	
Inc. DCC LAE / Earned Premium Ratio	= (5) / (2)	0.0%	4.3%	0.0%	3.0%	14.3%	10.5%	5.3%	8.9%	6.1%	0.0%	6.6%	5.5%	
Inc. A&O LAE / Earned Premium Ratio	= (6) / (2)	5.5%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	8.6%	0.0%	0.0%	2.5%	2.2%	
Inc. Loss & LAE / Earned Premium Ratio	subtotal	91.8%	75.0%	101.1%	83.2%	168.0%	129.3%	74.4%	163.6%	90.2%	65.1%	110.1%	107.3%	
Inc. DCC LAE / Inc. Loss Ratio	= (5) / (4)	0.0%	6.0%	0.0%	3.9%	9.3%	8.8%	7.7%	6.1%	7.3%	0.0%	6.5%	5.5%	
Inc. A&O LAE / Inc. Loss Ratio	= (6) / (4)	6.3%	0.0%	0.0%	3.6%	0.0%	0.0%	0.0%	5.9%	0.0%	0.0%	2.5%	2.2%	
Inc. Loss & LAE / Inc. Loss Ratio	subtotal	6.3%	6.0%	0.0%	7.4%	9.3%	8.8%	7.7%	12.0%	7.3%	0.0%	9.1%	7.7%	
Inc. LAE / Inc. Loss Ratio	= ((5) + (6)) / (4)													
Inc. Loss & LAE / Inc. Loss & ALAE Ratio	= ((4) + (5) + (6)) / ((4) + (5))	106.3%	100.0%	100.0%	103.4%	100.0%	100.0%	100.0%	105.5%	100.0%	100.0%	102.4%	102.1%	
Inc. Loss & LAE / Inc. Loss Ratio	= ((4) + (5) + (6)) / (4)	106.3%	106.0%	100.0%	107.4%	109.3%	108.8%	107.7%	112.0%	107.3%	100.0%	108.1%	107.7%	
Paid Loss Ratio to DEP		73.1%	71.6%	91.9%	78.4%	166.2%	113.1%	61.8%	142.5%	96.3%	79.7%	96.5%	106.5%	
Paid DCC LAE Ratio to DEP		0.0%	3.3%	0.3%	2.5%	14.3%	11.2%	5.1%	8.6%	6.3%	1.1%	8.6%	7.7%	
Paid A&O LAE Ratio to DEP		5.5%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	8.0%	0.8%	0.0%	0.0%	3.5%	
Change in DCC LAE O/S to DEP		0.0%	1.0%	-0.3%	0.5%	0.0%	-0.8%	0.2%	0.3%	-0.2%	-1.1%	0.0%		
Change in A&O LAE O/S to DEP		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	-0.8%	0.0%	0.0%		
Commission Ratio to DWP	= (12) / (1)	5.3%	18.6%	19.3%	19.1%	19.8%	11.3%	5.3%	2.6%	1.0%	11.3%	5.4%	10.3%	
T. L. & F Ratio to DWP	= (13) / (1)	1.1%	3.2%	1.7%	1.9%	3.4%	0.3%	1.2%	3.2%	2.8%	3.6%	2.2%	2.2%	
Other Acq Ratio to DWP	= (14) / (1)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
General Exp Ratio to DEP	= (15) / (2)	18.6%	0.0%	0.0%	10.4%	19.0%	0.0%	20.6%	0.0%	0.0%	0.0%	5.3%	6.6%	
UJW Expense Ratio to DEP	= sum((12):(15)) / (2)	28.2%	33.4%	22.1%	31.4%	41.6%	11.2%	28.3%	5.8%	2.3%	14.8%	12.6%	19.1%	
Direct Combined Ratio	= sum((12):(15)) / (1) + sum((4):(6)) / (2)	115.9%	96.8%	122.1%	114.6%	210.7%	140.9%	98.3%	169.4%	94.0%	79.9%	123.3%	126.3%	

Farmers Union Mutual Insurance Company

Insurance Expense Exhibit (000) Omitted
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Calendar Year ExperienceLatest 5 yr Latest 10 yr
2009-13 2004-13

IEE Col.	Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2009-13	2004-13
Part II - Allocation to Lines of Business Net of Reinsurance													
1	Premiums Written	1,686	1,990	3,934	3,924	1,752	1,575	3,782	3,355	1,115	1,882	11,709	24,995
3	Premiums Earned	1,380	1,240	3,712	3,916	1,814	1,886	3,602	3,516	2,616	1,088	12,708	24,770
5	Dividends to Policyholders	0	0	0	0	0	0	0	0	0	0	0	0
7	Incurred Loss	1,416	675	3,248	2,624	1,770	1,649	2,414	4,769	1,666	1,347	11,845	21,578
9	Defense and Cost Containment Expenses Incurred	95	55	168	222	320	306	255	549	0	95	1,205	2,065
11	Adjusting and Other Expenses Incurred	224	159	470	406	211	299	428	497	274	254	1,752	3,222
13	Unpaid Losses	0	0	0	0	0	0	0	0	0	0	0	0
15	Defense and Cost Containment Expenses Unpaid	12	14	24	22	22	0	11	28	28	6	73	167
17	Adjusting and Other Expenses Unpaid	932	1,038	2,230	2,238	1,092	1,039	2,119	1,957	456	1,250	6,821	14,351
19	Unearned Premium Reserves	0	0	0	0	0	0	0	0	0	0	0	0
21	Agent's Balances	357	401	886	878	453	335	388	184	28	300	1,235	4,210
23	Commission and Brokerage Expenses Incurred	25	68	78	86	77	8	87	228	82	96	501	835
25	Taxes, Licenses & Fees Incurred	0	0	4	0	0	0	0	0	0	0	0	4
27	Other Acquisitions, Field Supervision, and Collection Expenses Incurred	380	176	706	933	447	798	1,273	1,408	1,062	4	4,545	7,187
29	General Expenses Incurred	66	85	60	86	22	128	110	166	273	2	678	998
31	Other Income Less Expenses	(827)	(50)	(1,321)	(741)	(1,231)	(1,084)	(705)	(3,450)	(246)	(18)	(5,503)	(9,673)
33	Pre-Tax Profit or Loss Excluding All Investment Gain	129	56	243	112	71	133	63	63	24	0	283	894
35	Investment Gain on Funds Attributable to Insurance Transactions	(698)	6	(1,075)	(629)	(1,160)	(951)	(942)	(3,393)	(222)	(18)	(5,226)	(8,782)
37	Profit or Loss Excluding Gain Attributable to Capital and Surplus	39	13	102	162	42	311	91	70	32	0	504	862
39	Investment Gain on Funds Attributable to Capital and Surplus	(660)	19	(975)	(467)	(1,118)	(640)	(550)	(3,319)	(190)	(17)	(4,716)	(7,917)
41	Total Profit or Loss												

Net Expense Ratios to Premiums Earned

Inc. Loss Ratio	= (7) / (3)	102.6%	54.4%	87.5%	67.0%	97.6%	87.4%	67.0%	135.6%	63.7%	123.8%	93.2%	87.1%
Inc. DCC LAE Ratio	= (9) / (3)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	0.0%	2.3%	1.2%
Inc. A&O LAE Ratio	= (11) / (3)	6.9%	4.4%	4.5%	5.7%	17.6%	16.2%	7.1%	15.6%	0.0%	8.7%	9.5%	8.3%
Inc. Loss & LAE Ratio	Subtotal	109.5%	58.9%	92.0%	72.7%	115.2%	103.7%	74.1%	151.3%	75.0%	132.5%	105.0%	96.6%
Commission Ratio	= (23) / (3)	25.9%	32.3%	23.9%	22.4%	25.0%	17.8%	10.8%	5.2%	1.1%	27.6%	9.7%	17.0%
T. L. & F Ratio	= (25) / (3)	1.8%	5.5%	2.1%	2.2%	4.2%	0.4%	2.4%	6.5%	3.1%	8.8%	3.9%	3.4%
Other Acq Ratio	= (27) / (3)	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Exp Ratio	= (29) / (3)	27.5%	14.2%	19.0%	23.8%	24.6%	42.3%	35.3%	40.0%	40.6%	0.4%	35.8%	29.0%
U/W Expense Ratio	Subtotal	55.2%	52.0%	45.1%	48.4%	53.9%	60.5%	48.5%	51.8%	44.8%	36.8%	49.4%	49.4%
Other Income Ratio	= (31) / (3)	4.8%	6.9%	1.6%	2.2%	1.2%	6.8%	3.1%	4.7%	10.4%	0.2%	5.3%	4.0%
Pre-Tax Profit Ratio (excluding Investment G	= (33) / (3)	-59.9%	-4.0%	-35.6%	-18.9%	-67.9%	-57.5%	-19.6%	-98.1%	-9.4%	-1.7%	-43.3%	-39.1%
Insurance Inv Income Ratio	= (35) / (3)	9.3%	4.5%	6.5%	2.9%	3.9%	7.1%	1.7%	1.8%	0.9%	0.0%	2.2%	3.6%
Capital & Surplus Inv Inc Ratio	= (39) / (3)	2.8%	1.0%	2.7%	4.1%	2.3%	16.5%	2.5%	2.0%	1.2%	0.0%	4.0%	3.5%
Pre-Tax Profit Ratio (including Investment Gain)		-47.8%	1.5%	-26.3%	-11.9%	-61.6%	-33.9%	-15.3%	-94.4%	-7.3%	-1.6%	-37.1%	-32.0%
Combined Ratio		155%	91%	135%	121%	171%	176%	120%	205%	180%	154%	159%	146%

Farmers Union Mutual Insurance Company

Insurance Expense Exhibit (000) Omitted
Homeowners Multiple PerilData as reported by A.M. Best via BestLink © A.M. Best Company – used by permission
Calendar Year ExperienceLatest 5 yr Latest 10 yr
2009-13 2004-13

IEE Col.	Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2009-13	2004-13
Part III-II - Allocation to Lines of Ceded Business													
1	Premiums Written	360	167	656	662	537	1,393	3,531	3,690	1,787	773	11,174	13,556
3	Premiums Earned	358	166	656	662	536	1,172	2,574	3,597	2,262	1,587	11,192	13,570
5	Dividends to Policyholders	0	0	0	0	0	0	0	0	0	0	0	0
7	Incurred Loss	85	320	1,170	923	1,840	1,986	1,852	5,622	2,435	393	12,288	16,626
9	Defense and Cost Containment Expenses In	0	60	0	138	337	320	327	634	1	0	1,282	1,817
11	Adjusting and Other Expenses Incurred	0	(55)	(168)	(96)	(320)	(306)	(255)	60	0	(95)	(596)	(1,235)
13	Unpaid Losses	85	139	231	255	154	241	563	751	376	5	1,936	2,800
15	Defense and Cost Containment Expenses U	0	14	0	22	23	0	15	39	30	0	84	143
17	Adjusting and Other Expenses Unpaid	(12)	(14)	(24)	(22)	(22)	0	(11)	11	(28)	(6)	(34)	(128)
19	Unearned Premium Reserves	0	0	0	0	(1,092)	222	(949)	(1,957)	977	164	(1,543)	(2,635)
21	Agent's Balances	0	0	0	0	0	0	0	0	0	0	0	0
23	Commission and Brokerage Expenses Incun	(249)	0	0	0	1	0	0	0	0	(1)	(1)	(249)
25	Taxes, Licenses & Fees Incurred	(2)	0	0	0	0	0	0	0	0	0	0	(2)
27	Other Acquisitions, Field Supervision, and C-	0	0	(4)	0	0	0	0	0	0	0	0	(4)
29	General Expenses Incurred	(56)	(176)	(706)	(459)	0	(798)	0	(1,408)	(1,062)	(4)	(3,272)	(4,669)
31	Other Income Less Expenses	(29)	(85)	(60)	(30)	0	(128)	0	(166)	(273)	(2)	(569)	(773)
33	Pre-Tax Profit or Loss Excluding All Investm	551	(68)	307	126	(1,322)	(156)	650	(1,483)	615	558	184	(222)

Ceded Ratios to Premiums Earned

Inc. Loss Ratio	23.7%	192.8%	178.4%	139.4%	343.3%	169.5%	72.0%	156.3%	107.6%	24.8%
Inc. DCC LAE Ratio	0.0%	36.1%	0.0%	20.8%	62.9%	27.3%	12.7%	17.6%	0.0%	0.0%
Inc. A&O LAE Ratio	0.0%	-33.1%	-25.6%	-14.5%	-59.7%	-26.1%	-9.9%	1.7%	0.0%	-6.0%
Inc. Loss & LAE Ratio	23.7%	195.8%	152.7%	145.8%	346.5%	170.6%	74.7%	175.6%	107.7%	18.8%
Commission Ratio	-69.6%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	-0.1%
T. L. & F Ratio	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Acq Ratio	0.0%	0.0%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Exp Ratio	-15.6%	-106.0%	-107.6%	-69.3%	0.0%	-68.1%	0.0%	-39.1%	-46.9%	-0.3%
UW Expense Ratio	-85.8%	-106.0%	-108.2%	-69.3%	0.2%	-68.1%	0.0%	-39.1%	-46.9%	-0.3%
Other Income Ratio	-8.1%	-51.2%	-9.1%	-4.5%	0.0%	-10.9%	0.0%	-4.6%	-12.1%	-0.1%
Pre-Tax Profit Ratio	153.9%	-41.0%	46.8%	19.0%	-246.6%	-13.3%	25.3%	-41.2%	27.2%	35.2%
Pre-Tax Profit / Direct Earned Premium	31.7%	-4.8%	7.0%	2.8%	-56.3%	-5.1%	10.5%	-20.8%	12.6%	20.9%
									0.8%	-0.6%

Farmers Union Mutual Insurance Company
Homeowners Multiple Peril Historical Experience (000)

Direct Results from Statutory Page 14
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Col #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 yr Totals	10 yr Totals
Arkansas													
(1)	1,319	2,045	4,192	4,590	4,586	5,073	5,216	7,312	7,045	2,902	2,655	25,130	45,616
(2)	953	1,738	3,116	4,368	4,578	5,229	5,318	6,176	7,113	4,878	2,675	26,160	45,189
(3)	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	625	932	2,008	2,230	2,238	2,341	2,341	1,170	0	1,433	1,414	6,358	13,766
(5)	503	1,270	2,027	4,488	3,587	9,694	6,181	4,060	10,133	4,699	2,032	27,105	48,171
(6)	574	1,501	2,234	4,418	3,547	9,917	5,855	4,266	10,391	4,101	1,740	26,353	47,970
(7)	78	309	671	701	662	1,110	784	991	1,248	650	259	3,932	7,385
(8)	0	0	110	0	266	336	525	326	570	254	0	1,675	2,387
(9)	0	0	112	0	138	337	517	327	634	298	0	1,776	2,363
(10)	0	0	14	0	22	23	0	15	39	30	0	84	143
(11)	574	1,501	2,346	4,418	3,685	10,254	6,372	4,593	11,025	4,399	1,740	28,129	50,333
(12)	96	108	401	886	0	936	644	388	184	28	299	1,543	3,874
(13)	16	23	68	78	0	89	78	87	228	82	96	571	829
	60.2%	86.4%	71.7%	101.1%	77.5%	189.7%	110.1%	69.1%	146.1%	84.1%	65.0%	100.7%	106.2%
	0.0%	0.0%	3.6%	0.0%	3.0%	6.4%	9.7%	5.3%	8.9%	6.1%	0.0%	6.8%	5.2%
	60.2%	86.4%	75.3%	101.1%	80.5%	196.1%	119.8%	74.4%	155.0%	90.2%	65.0%	107.5%	111.4%
	0.0%	0.0%	5.0%	0.0%	3.9%	3.4%	8.8%	7.7%	6.1%	7.3%	0.0%	6.7%	4.9%
	7.3%	5.3%	9.6%	19.3%	0.0%	18.5%	12.3%	5.3%	2.6%	1.0%	11.3%	6.1%	8.5%
	1.2%	1.1%	1.6%	1.7%	0.0%	1.8%	1.5%	1.2%	3.2%	2.8%	3.6%	2.3%	1.8%
Grand Total													
(1)	1,319	2,045	4,192	4,590	4,586	5,073	5,216	7,312	7,045	2,902	2,655	25,130	45,616
(2)	953	1,738	3,116	4,368	4,578	5,229	5,318	6,176	7,113	4,878	2,675	26,160	45,189
(3)	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	625	932	2,008	2,230	2,238	2,341	2,341	1,170	0	1,433	1,414	6,358	13,766
(5)	503	1,270	2,027	4,488	3,587	9,694	6,181	4,060	10,133	4,699	2,032	27,105	48,171
(6)	574	1,501	2,234	4,418	3,547	9,917	5,855	4,266	10,391	4,101	1,740	26,353	47,970
(7)	78	309	671	701	662	1,110	784	991	1,248	650	259	3,932	7,385
(8)	0	0	110	0	266	336	525	326	570	254	0	1,675	2,387
(9)	0	0	112	0	138	337	517	327	634	298	0	1,776	2,363
(10)	0	0	14	0	22	23	0	15	39	30	0	84	143
(11)	574	1,501	2,346	4,418	3,685	10,254	6,372	4,593	11,025	4,399	1,740	28,129	50,333
(12)	96	108	401	886	0	936	644	388	184	28	299	1,543	3,874
(13)	16	23	68	78	0	89	78	87	228	82	96	571	829
	60.2%	86.4%	71.7%	101.1%	77.5%	189.7%	110.1%	69.1%	146.1%	84.1%	65.0%	100.7%	106.2%
	0.0%	0.0%	3.6%	0.0%	3.0%	6.4%	9.7%	5.3%	8.9%	6.1%	0.0%	6.8%	5.2%
	60.2%	86.4%	75.3%	101.1%	80.5%	196.1%	119.8%	74.4%	155.0%	90.2%	65.0%	107.5%	111.4%
	0.0%	0.0%	5.0%	0.0%	3.9%	3.4%	8.8%	7.7%	6.1%	7.3%	0.0%	6.7%	4.9%
	7.3%	5.3%	9.6%	19.3%	0.0%	18.5%	12.3%	5.3%	2.6%	1.0%	11.3%	6.1%	8.5%
	1.2%	1.1%	1.6%	1.7%	0.0%	1.8%	1.5%	1.2%	3.2%	2.8%	3.6%	2.3%	1.8%
Incur Loss / EP Ratio (6) / (2)													
DCC Incurred / EP Ratio (9) / (2)													
Loss & DCC Incurred / EP Ratio (11) / (2)													
DCC Incurred / Losses Incurred (9) / (6)													
Commission & Brokerage / WP Ratio (12) / (1)													
Taxes, Licenses & Fees / WP Ratio (13) / (1)													
Grand Total													
(1)	1,319	2,045	4,192	4,590	4,586	5,073	5,216	7,312	7,045	2,902	2,655	25,130	45,616
(2)	953	1,738	3,116	4,368	4,578	5,229	5,318	6,176	7,113	4,878	2,675	26,160	45,189
(3)	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	625	932	2,008	2,230	2,238	2,341	2,341	1,170	0	1,433	1,414	6,358	13,766
(5)	503	1,270	2,027	4,488	3,587	9,694	6,181	4,060	10,133	4,699	2,032	27,105	48,171
(6)	574	1,501	2,234	4,418	3,547	9,917	5,855	4,266	10,391	4,101	1,740	26,353	47,970
(7)	78	309	671	701	662	1,110	784	991	1,248	650	259	3,932	7,385
(8)	0	0	110	0	266	336	525	326	570	254	0	1,675	2,387
(9)	0	0	112	0	138	337	517	327	634	298	0	1,776	2,363
(10)	0	0	14	0	22	23	0	15	39	30	0	84	143
(11)	574	1,501	2,346	4,418	3,685	10,254	6,372	4,593	11,025	4,399	1,740	28,129	50,333
(12)	96	108	401	886	0	936	644	388	184	28	299	1,543	3,874
(13)	16	23	68	78	0	89	78	87	228	82	96	571	829
	60.2%	86.4%	71.7%	101.1%	77.5%	189.7%	110.1%	69.1%	146.1%	84.1%	65.0%	100.7%	106.2%
	0.0%	0.0%	3.6%	0.0%	3.0%	6.4%	9.7%	5.3%	8.9%	6.1%	0.0%	6.8%	5.2%
	60.2%	86.4%	75.3%	101.1%	80.5%	196.1%	119.8%	74.4%	155.0%	90.2%	65.0%	107.5%	111.4%
	0.0%	0.0%	5.0%	0.0%	3.9%	3.4%	8.8%	7.7%	6.1%	7.3%	0.0%	6.7%	4.9%
	7.3%	5.3%	9.6%	19.3%	0.0%	18.5%	12.3%	5.3%	2.6%	1.0%	11.3%	6.1%	8.5%
	1.2%	1.1%	1.6%	1.7%	0.0%	1.8%	1.5%	1.2%	3.2%	2.8%	3.6%	2.3%	1.8%
Incur Loss / EP Ratio (6) / (2)													
DCC Incurred / EP Ratio (9) / (2)													
Loss & DCC Incurred / EP Ratio (11) / (2)													
DCC Incurred / Losses Incurred (9) / (6)													
Commission & Brokerage / WP Ratio (12) / (1)													
Taxes, Licenses & Fees / WP Ratio (13) / (1)													

Town and Country Mutual Insurance Company

Homeowners Multiple Peril Historical Experience
Direct Results from Statutory Page 14

As reported by SNL – used by permission

Col #	Arkansas	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(1)	Premiums Written	439,615	656,543	2,156,725	2,462,620	2,415,474	2,288,975	2,248,171	2,410,715			
(2)	Premiums Earned	340,149	559,306	1,406,334	2,335,269	2,427,226	2,350,378	2,260,184	2,321,394			
(3)	Dividends Paid	0	0	0	0	0	0	0	0			
(4)	Unearned Premium Reserves	190,596	287,833	1,038,224	1,165,575	1,153,823	3,556,140	1,080,407	1,169,728			
(5)	Losses Paid (deducting salvage)	128,938	284,234	869,082	2,272,411	1,706,952	3,610,083	2,341,385	1,125,730			
(6)	Losses Incurred	129,138	510,034	936,455	2,185,297	1,706,870	3,610,083	2,220,962	1,565,900			
(7)	Losses Unpaid	5,200	231,000	298,373	311,259	311,178	365,121	244,698	684,868			
(8)	DCC Paid	0	0	58,874	0	139,702	336,222	204,257	116,537			
(9)	DCC Incurred	0	0	60,389	0	138,292	336,912	196,257	117,537			
(10)	DCC Unpaid	0	0	13,515	0	22,310	23,000	0	15,000			
(11)	Loss & DCC Incurred = (6) + (9)	129,138	510,034	996,844	2,185,297	1,845,162	3,946,995	2,417,219	1,683,437			
(12)	Commission & Brokerage Expenses	77,518	107,542	401,122	487,413	478	453,536	309,428	168,932			
(13)	Taxes, Licenses & Fees	13,842	22,687	67,880	75,390	79	76,822	70,337	75,972			
	Incur Loss / EP Ratio (6) / (2)	38.0%	91.2%	66.6%	93.6%	70.3%	153.6%	98.3%	67.5%			
	DCC Incurred / EP Ratio (9) / (2)	0.0%	0.0%	4.3%	0.0%	5.7%	14.3%	8.7%	5.1%			
	Loss & DCC Incurred / EP Ratio (11) / (2)	38.0%	91.2%	70.9%	93.6%	76.0%	167.9%	106.9%	72.5%			
	DCC Incurred / Losses Incurred (9) / (6)	0.0%	0.0%	6.4%	0.0%	8.1%	9.3%	8.8%	7.5%			
	Commission & Brokerage / WP Ratio (12) / (1)	17.6%	16.4%	18.6%	19.8%	0.0%	19.8%	13.8%	7.0%			
	Taxes, Licenses & Fees / WP Ratio (13) / (1)	3.1%	3.5%	3.1%	3.1%	0.0%	3.4%	3.1%	3.2%			
Grand Total												
(1)	Premiums Written	439,615	656,543	2,156,725	2,462,620	2,415,474	2,288,975	2,248,171	2,410,715			
(2)	Premiums Earned	340,149	559,306	1,406,334	2,335,269	2,427,226	2,350,378	2,260,184	2,321,394			
(3)	Dividends Paid	0	0	0	0	0	0	0	0			
(4)	Unearned Premium Reserves	190,596	287,833	1,038,224	1,165,575	1,153,823	3,556,140	1,080,407	1,169,728			
(5)	Losses Paid (deducting salvage)	128,938	284,234	869,082	2,272,411	1,706,952	3,610,083	2,341,385	1,125,730			
(6)	Losses Incurred	129,138	510,034	936,455	2,185,297	1,706,870	3,610,083	2,220,962	1,565,900			
(7)	Losses Unpaid	5,200	231,000	298,373	311,259	311,178	365,121	244,698	684,868			
(8)	DCC Paid	0	0	58,874	0	139,702	336,222	204,257	116,537			
(9)	DCC Incurred	0	0	60,389	0	138,292	336,912	196,257	117,537			
(10)	DCC Unpaid	0	0	13,515	0	22,310	23,000	0	15,000			
(11)	Loss & DCC Incurred = (6) + (9)	129,138	510,034	996,844	2,185,297	1,845,162	3,946,995	2,417,219	1,683,437			
(12)	Commission & Brokerage Expenses	77,518	107,542	401,122	487,413	478	453,536	309,428	168,932			
(13)	Taxes, Licenses & Fees	13,842	22,687	67,880	75,390	79	76,822	70,337	75,972			
	Incur Loss / EP Ratio (6) / (2)	38.0%	91.2%	66.6%	93.6%	70.3%	153.6%	98.3%	67.5%			
	DCC Incurred / EP Ratio (9) / (2)	0.0%	0.0%	4.3%	0.0%	5.7%	14.3%	8.7%	5.1%			
	Loss & DCC Incurred / EP Ratio (11) / (2)	38.0%	91.2%	70.9%	93.6%	76.0%	167.9%	106.9%	72.5%			
	DCC Incurred / Losses Incurred (9) / (6)	0.0%	0.0%	6.4%	0.0%	8.1%	9.3%	8.8%	7.5%			
	Commission & Brokerage / WP Ratio (12) / (1)	17.6%	16.4%	18.6%	19.8%	0.0%	19.8%	13.8%	7.0%			
	Taxes, Licenses & Fees / WP Ratio (13) / (1)	3.1%	3.5%	3.1%	3.1%	0.0%	3.4%	3.1%	3.2%			

Farmers Union Mutual Insurance Company and Town and Country Mutual Insurance Company combined
Homeowners Multiple Peril Historical Experience (000)
Direct Results from Statutory Page 14
As reported by A.M. Best via BestLink © A.M. Best Company & SNL – used by permission

Col #	Arkansas	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 yr Totals	10 yr Totals
(1)	Premiums Written	1,759	2,702	6,349	7,053	7,001	7,362	7,464	9,723	7,045	2,902	2,655	29,789	60,255
(2)	Premiums Earned	1,293	2,297	4,522	6,703	7,005	7,579	7,578	8,497	7,113	4,878	2,675	30,742	58,849
(3)	Dividends Paid	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	Unearned Premium Reserves	816	1,220	3,046	3,396	3,392	13,250	8,522	2,340	0	1,433	1,414	8,608	19,662
(5)	Losses Paid (deducting salvage)	632	1,554	2,896	6,760	5,294	13,527	8,076	5,186	10,133	4,699	2,032	30,572	60,327
(6)	Losses Incurred	703	2,011	3,170	6,603	5,254	13,527	8,076	5,832	10,391	4,101	1,740	30,140	60,706
(7)	Losses Unpaid	83	540	969	1,012	973	1,475	1,029	1,676	1,248	650	259	4,862	9,831
(8)	DCC Paid	0	0	169	0	406	672	729	443	570	254	0	1,986	3,243
(9)	DCC Incurred	0	0	172	0	276	674	713	445	634	298	0	2,090	3,212
(10)	DCC Unpaid	0	0	28	0	44	46	0	30	39	30	0	99	217
(11)	Loss & DCC Incurred = (6) + (9)	703	2,011	3,343	6,603	5,530	14,201	8,789	6,276	11,025	4,399	1,740	32,230	63,918
(12)	Commission & Brokerage Expenses	174	216	802	1,373	0	1,390	953	557	184	28	299	2,021	5,802
(13)	Taxes, Licenses & Fees	30	46	136	153	0	166	148	163	228	82	96	717	1,218
	Incurred Loss / EP Ratio (6) / (2)	54.4%	87.5%	70.1%	98.5%	75.0%	178.5%	106.6%	68.6%	146.1%	84.1%	65.0%	98.0%	103.2%
	DCC Incurred / EP Ratio (9) / (2)	0.0%	0.0%	3.8%	0.0%	3.9%	8.9%	9.4%	5.2%	8.9%	6.1%	0.0%	6.8%	5.5%
	Loss & DCC Incurred / EP Ratio (11) / (2)	54.4%	87.5%	73.9%	98.5%	78.9%	187.4%	116.0%	73.9%	155.0%	90.2%	65.0%	104.8%	108.6%
	DCC Incurred / Losses Incurred (9) / (6)	0.0%	0.0%	5.4%	0.0%	5.3%	5.0%	8.8%	7.6%	6.1%	7.3%	0.0%	6.9%	5.3%
	Commission & Brokerage / WP Ratio (12) / (1)	9.9%	8.0%	12.6%	19.5%	0.0%	18.9%	12.8%	5.7%	2.6%	1.0%	11.3%	6.8%	9.6%
	Taxes, Licenses & Fees / WP Ratio (13) / (1)	1.7%	1.7%	2.1%	2.2%	0.0%	2.3%	2.0%	1.7%	3.2%	2.8%	3.6%	2.4%	2.0%
	Grand Total													
(1)	Premiums Written	1,759	2,702	6,349	7,053	7,001	7,362	7,464	9,723	7,045	2,902	2,655	29,789	60,255
(2)	Premiums Earned	1,293	2,297	4,522	6,703	7,005	7,579	7,578	8,497	7,113	4,878	2,675	30,742	58,849
(3)	Dividends Paid	0	0	0	0	0	0	0	0	0	0	0	0	0
(4)	Unearned Premium Reserves	816	1,220	3,046	3,396	3,392	13,250	8,522	2,340	0	1,433	1,414	8,608	19,662
(5)	Losses Paid (deducting salvage)	632	1,554	2,896	6,760	5,294	13,527	8,076	5,186	10,133	4,699	2,032	30,572	60,327
(6)	Losses Incurred	703	2,011	3,170	6,603	5,254	13,527	8,076	5,832	10,391	4,101	1,740	30,140	60,706
(7)	Losses Unpaid	83	540	969	1,012	973	1,475	1,029	1,676	1,248	650	259	4,862	9,831
(8)	DCC Paid	0	0	169	0	406	672	729	443	570	254	0	1,986	3,243
(9)	DCC Incurred	0	0	172	0	276	674	713	445	634	298	0	2,090	3,212
(10)	DCC Unpaid	0	0	28	0	44	46	0	30	39	30	0	99	217
(11)	Loss & DCC Incurred = (6) + (9)	703	2,011	3,343	6,603	5,530	14,201	8,789	6,276	11,025	4,399	1,740	32,230	63,918
(12)	Commission & Brokerage Expenses	174	216	802	1,373	0	1,390	953	557	184	28	299	2,021	5,802
(13)	Taxes, Licenses & Fees	30	46	136	153	0	166	148	163	228	82	96	717	1,218
	Incurred Loss / EP Ratio (6) / (2)	54.4%	87.5%	70.1%	98.5%	75.0%	178.5%	106.6%	68.6%	146.1%	84.1%	65.0%	98.0%	103.2%
	DCC Incurred / EP Ratio (9) / (2)	0.0%	0.0%	3.8%	0.0%	3.9%	8.9%	9.4%	5.2%	8.9%	6.1%	0.0%	6.8%	5.5%
	Loss & DCC Incurred / EP Ratio (11) / (2)	54.4%	87.5%	73.9%	98.5%	78.9%	187.4%	116.0%	73.9%	155.0%	90.2%	65.0%	104.8%	108.6%
	DCC Incurred / Losses Incurred (9) / (6)	0.0%	0.0%	5.4%	0.0%	5.3%	5.0%	8.8%	7.6%	6.1%	7.3%	0.0%	6.9%	5.3%
	Commission & Brokerage / WP Ratio (12) / (1)	9.9%	8.0%	12.6%	19.5%	0.0%	18.9%	12.8%	5.7%	2.6%	1.0%	11.3%	6.8%	9.6%
	Taxes, Licenses & Fees / WP Ratio (13) / (1)	1.7%	1.7%	2.1%	2.2%	0.0%	2.3%	2.0%	1.7%	3.2%	2.8%	3.6%	2.4%	2.0%

Farmers Union Mutual Insurance Company and Town and Country Mutual Insurance Company combined

Homeowners Multiple Peril Historical Experience (000)
Direct Results from Statutory Page 14
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2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 5 yr Totals 10 yr Totals

Col #

The Town and Country Mutual Insurance Company was merged into the Farmers Union Mutual Insurance Company after 2010.

FUMIC changed from ACV Homeowners to HO2 on Jan 1, 2010
FUMIC changed back to writing ACV Homeowners on June 1, 2013

<u>Written Premium - estimated % of total Homeowners writings</u>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	58%	
ACV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	42%	
HO2												
<u>Earned Premium - per internal company reports</u>							4,902	0	0		2,163	
ACV												
HO2												
<u>Earned Premium - estimated % of total Homeowners earnings</u>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	19%	
ACV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	81%	
HO2												

The 2010 and 2013 earned % could also be estimated using the traditional assumptions of an even distribution of business throughout the year and annual policy terms. Thus the ACV earned portion is calculated as follows:
 $1 \times 1 \times 1/2 = \frac{50\%}{7/12 \times 7/12 \times 1/2 = 17\%}$
 The HO2 portion was estimated as 100% minus the ACV portion.

<u>Earned Premium - actual per Statutory Page 14</u>												
Farmers Union Mutual Insurance Company	953	1,738	3,116	4,368	4,578	5,229	5,318	6,176	7,113	4,878	2,675	26,160
Town and Country Mutual Insurance Company	340	559	1,406	2,335	2,427	2,350	2,260	2,321	0	0	0	4,582
<u>totals</u>	1,293	2,297	4,522	6,703	7,005	7,579	7,578	8,497	7,113	4,878	2,675	30,742
<u>Earned Premium (ACV vs HO2) - estimated via earned %'s shown above</u>												
ACV	1,293	2,297	4,522	6,703	7,005	7,579	7,578	8,497	7,113	4,878	2,163	12,992
HO2	0	0	0	0	0	0	0	0	0	0	512	41,100
<u>totals</u>	1,293	2,297	4,522	6,703	7,005	7,579	7,578	8,497	7,113	4,878	2,675	58,849

<u>Incurred Losses & DCC Incurred - earned % share of total</u>												
ACV	703	2,011	3,343	6,603	5,530	14,201	8,789	3,621	0	0	333	12,743
HO2	0	0	0	0	0	0	0	2,656	11,025	4,399	1,407	19,487
<u>Incurred Loss & DCC Ratio - estimated based on earned % share calculated above</u>												
ACV	54%	88%	74%	99%	79%	187%	116%	74%	155%	90%	65%	98%
HO2								74%			65%	110%

Farmers Union Mutual Insurance Company and Town and Country Mutual Insurance Company combined
Homeowners Multiple Peril - Historical Experience (000)
Direct Results from Statutory Page 14
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Col #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 yr Totals	10 yr Totals
Rate data for 9/1/2014 proposed increase for ACV HO Policies													
Written Premium													
ACV											1,549		
HO2											1,106		
totals											2,655		
Estimated using % from page 4													
estimated using % from page 4													
per 2013 FUMIC Statutory Page 14													
total minus HO2											512		
per FUMIC internal company reports											2,163		
per 2013 FUMIC Statutory Page 14											2,675		
Indicated Change											54.8%		
ACV													
Proposed change from 9/1/2014 FUMIC Filing													
ACV											30%		
HO2											0%		
totals											17.5%		
Written Premium change for													
ACV											465		
HO2											0		
totals											465		
Maximum change for ACV HO policies											30%		
Minimum change for ACV HO policies											30%		

Overall % Rate Impact for Homeowners from just the proposed 9/1/2014 increase on ACV HO (weighted % change using written premium)

Farmers Union Mutual Insurance Company and Town and Country Mutual Insurance Company combined

Homeowners Multiple Peril Historical Experience (000)
Direct Results from Statutory Page 14
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Col #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 yr Totals	10 yr Totals
Rate data for 6/1/2014 approved +25% increase for HO2 Homeowners Policies													
Written Premium													
ACV											1,549		
HO2											1,108		
totals											2,655		
estimated using % from page 4													
estimated using % from page 4													
per 2013 FUMIC Statutory Page 14													
total minus HO2													
per FUMIC internal company reports													
per 2013 FUMIC Statutory Page 14													
Indicated Change											512		
ACV											2,163		
											2,675		
per Exhibit VI Page 1													
69.2%													
Approved change from 6/1/2014 FUMIC Filing													
ACV											0%		
HO2											25%		
totals											10.4%		
Overall % Rate Impact for Homeowners from just the proposed 6/1/2014 increase on HO2 HO (weighted % change using written premium)													
Written Premium change for											0		
ACV											277		
HO2											277		
totals											25%		
											25%		
Maximum change for HO2 HO policies - effective 6/1/2014													
Minimum change for HO2 HO policies - effective 6/1/2014													

Farmers Union Mutual Insurance Company and Town and Country Mutual Insurance Company combined
Homeowners Multiple Peril Historical Experience (000)
Direct Results from Statutory Page 14
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Col #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 yr Totals	10 yr Totals
Rate data for 10/1/2014 proposed +15% increase for HO2 Homeowners Policies													
Written Premium													
ACV											1,549		
HO2											1,106		
totals											2,655		
Earned Premium													
ACV											512		
HO2											2,163		
totals											2,675		
Indicated Change													
HO2											26.2%		
Proposed change from 10/1/2014 FUMIC HO2 Filing													
ACV											0%		
HO2											15%		
totals											6.3%		
Written Premium change for													
ACV											0		
HO2											166		
totals											166		
Maximum change for HO2 HO policies - effective 6/1/2014 - 9/30/2014											25%		
Minimum change for HO2 HO policies - effective 6/1/2014 - 9/30/2014											25%		
Maximum change for HO2 HO policies - effective 10/1/2014 - 5/30/2015											43.8%		
Minimum change for HO2 HO policies - effective 10/1/2014 - 5/30/2015											43.8%		
Combined rate change of 6/1/2014 HO2 HO approved increase (+25%) and proposed 9/1/2014 ACV HO increase:													
ACV											30%		
HO2											25%		
totals											27.9%		
Overall % Rate Impact for Homeowners from just the proposed 6/1/2014 increase on HO2 HO (weighted % change using written premium)													

Farmers Union Mutual Insurance Company

Case Incurred Loss - Direct and Assumed

Data drawn from multiple year's Annual Statement Schedule P Section 1 - latest data as of 12/31/2013

= Sch P Part 1 Cols ((4) + (13))

Homeowners

(1) Accident Year	Age to Age Development Factors (Actual)											
	(31) (4) / (3)	(32) (5) / (4)	(33) (6) / (5)	(34) (7) / (6)	(35) (8) / (7)	(36) (9) / (8)	(37) (10) / (9)	(38) (11) / (10)	(39) (12) / (11)	(40)		
	24 / 12	36 / 24	48 / 36	60 / 48	72 / 60	84 / 72	96 / 84	108 / 96	120 / 108	Ult / 120		
2002							1.00	1.00	1.00	1.00		
2003						1.00	1.00	1.00	1.00	1.00		
2004					1.00	1.00	1.00	1.00	1.51			
2005				1.00	1.00	1.00	1.00	1.68				
2006		1.00	1.00	1.00	1.00	1.83	2.01					
2007		1.05	0.99	1.00	1.00							
2008	0.97	1.00	1.00	1.00	1.56							
2009	0.99	1.00	1.00	1.60								
2010	1.48	0.91	1.30									
2011	0.98	1.00										
2012	1.01											

Age to Age Development Factors	Age to Age Development Factors (Actual)											
	(31) (4) / (3)	(32) (5) / (4)	(33) (6) / (5)	(34) (7) / (6)	(35) (8) / (7)	(36) (9) / (8)	(37) (10) / (9)	(38) (11) / (10)	(39) (12) / (11)	(40)		
	24 / 12	36 / 24	48 / 36	60 / 48	72 / 60	84 / 72	96 / 84	108 / 96	120 / 108	Ult / 120		
5 yr weighted avg	1.029	1.001	1.056	1.145	1.278	1.225	1.438	1.332	1.328	1.000		
4 yr weighted avg	1.047	1.001	1.064	1.159	1.300	1.241	1.446	1.332	1.328	1.000		
3 yr weighted avg	1.061	0.984	1.074	1.188	1.340	1.283	1.489	1.343	1.328	1.000		
5 yr avg w/o hi, lo	0.991	1.001	1.000	1.002	1.000	1.000	1.000	#DIV/0!	#DIV/0!	#N/A		
4 yr wtd avg w/o latest	1.034	0.998	0.999	1.003	0.999	1.000	1.000	1.000	1.000	1.000		
3 yr wtd avg w/o latest	1.058	0.998	0.999	1.003	0.999	1.000	1.000	1.000	1.000	1.000		
"Implied by IBNR"	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Selected	1.034	1.001	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000		
Cumulative - Age to Ultimate												
	Ult / 12	Ult / 24	Ult / 36	Ult / 48	Ult / 60	Ult / 72	Ult / 84	Ult / 96	Ult / 108	Ult / 120		
5 yr weighted avg	4.960	4.818	4.814	4.558	3.983	3.118	2.544	1.769	1.328	1.000		
4 yr weighted avg	5.331	5.092	5.088	4.781	4.126	3.174	2.558	1.769	1.328	1.000		
3 yr weighted avg	6.073	5.725	5.820	5.419	4.563	3.406	2.655	1.783	1.328	1.000		
5 yr avg w/o hi, lo	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#N/A		
4 yr wtd avg w/o latest	1.033	0.999	1.001	1.002	0.999	1.000	1.000	1.000	1.000	1.000		
3 yr wtd avg w/o latest	1.057	0.999	1.001	1.002	0.999	1.000	1.000	1.000	1.000	1.000		
"Implied by IBNR"	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Selected	1.037	1.003	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000		

Farmers Union Mutual Insurance Company
Case Incurred Loss - Direct and Assumed

= Sch P Part 1 Cols ((4) + (13))

Homeowners

Data drawn from multiple year's Annual Statement Schedule P Section 1 - latest data as of 12/31/2013

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year	Direct Premium Earned											Prior	Latest Published Value	Selected Age to Ultimate LDF	Estimated Ultimate via LDF
		12	24	36	48	60	72	84	96	108	120				(14) x (15)
		Cumulative Data													
		Development Age in Months													
2002	134	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	92	92	92	92	0	92	1.000	92
2003	995	#N/A	#N/A	#N/A	#N/A	#N/A	443	443	443	443	443	0	443	1.000	443
2004	1,784	#N/A	#N/A	#N/A	#N/A	#N/A	976	976	976	976	1,472		1,472	1.000	1,472
2005	3,165	#N/A	#N/A	#N/A	#N/A	1,420	1,420	1,421	976	2,394			2,394	1.000	2,394
2006	4,421	#N/A	#N/A	2,248	2,248	2,254	2,249	1,421	1,421	2,394			4,520	1.000	4,520
2007	4,626	#N/A	1,903	1,904	1,893	1,893	10,167	2,249	4,520				3,466	1.000	3,466
2008	5,272	6,401	6,223	6,525	6,509	6,534		3,466					10,167	1.000	10,167
2009	5,354	3,767	3,711	3,709	3,722	5,973							5,973	1.000	5,973
2010	6,206	2,510	3,713	3,388	4,398								4,398	1.002	4,407
2011	7,139	10,161	9,964	10,008									10,008	1.002	10,028
2012	4,894	4,350	4,379										4,379	1.003	4,392
2013	2,694	1,546											1,546	1.037	1,603

Source

Accident Year	Direct Premium Earned	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
		(3)	(4) - (3)	(5) - (4)	(6) - (5)	(7) - (6)	(8) - (7)	(9) - (8)	(10) - (9)	(11) - (10)	(12) - (11)	(13)
2002	134											
2003	995											
2004	1,784											
2005	3,165											
2006	4,421											
2007	4,626											
2008	5,272	6,401	(178)	302	1	0	0	0	0	0	0	0
2009	5,354	3,767	(56)	(2)	0	6	0	0	0	0	0	0
2010	6,206	2,510	1,203	(325)	13	25	1	0	0	0	496	
2011	7,139	10,161	(197)	44	1,010	2,251	(5)	0	2,271	973		
2012	4,894	4,350	29					1,573				
2013	2,694	1,546										

Incremental Data

Development Age in Months

12 24 36 48 60 72 84 96 108 120 132 to Ult

Sch P Part 1 Col 4

Farmers Union Mutual Insurance Company
Loss Payments - Direct and Assumed

Homeowners
 Data drawn from multiple year's Annual Statement Schedule P Section 1 - latest data as of 12/31/2013

(1) Accident Year	Age to Age Development Factors (Actual)												(40) Ult / 120
	(31) (4) / (3)	(32) (5) / (4)	(33) (6) / (5)	(34) (7) / (6)	(35) (8) / (7)	(36) (9) / (8)	(37) (10) / (9)	(38) (11) / (10)	(39) (12) / (11)				
	24 / 12	36 / 24	48 / 36	60 / 48	72 / 60	84 / 72	96 / 84	108 / 96	120 / 108	120 / 108	Ult / 120		
2002											1.00		
2003											1.00		
2004											1.00		
2005											1.00		
2006											1.68		
2007											2.01		
2008											1.83		
2009											1.56		
2010											1.60		
2011											1.30		
2012											1.02		
											1.11		
											1.05		
											1.05		
											1.58		
											1.09		
											1.11		
											1.07		
											1.160		
											1.028		
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Farmers Union Mutual Insurance Company
Allocation of Investment Income by Line of Business

	Overall Total				Homeowners Multiple Peril				Notes:
	(a)	(b)	2013	Mean	(c)	(g)	2013	Mean	
Allocation of Policyholder Surplus to Line of Business									
Direct Earned Premium	(1)		6,931	3,646			2,675		Source - A.S.
Net Earned Premium	(2)		3,358	1,507			1,088		Statutory Page 14 Col 2 U&I Part 1 Col 4 Line 35
Net Loss Reserves	(3)		287	264	276	274	254	264	U&I Part 2A Col 8 Line 35
Net LAE Reserves	(4)		28	7	18	28	6	17	U&I Part 2A Col 9 Line 35
Net Loss & LAE Reserves	(5)		315	271	293	302	260	281	U&I Part 2A Col 15 & 17
Net Unearned Premium Reserves	(6)		600	1,714	1,157	456	1,250	853	U&I Part 1A Col 5 Line 35
Mean Reserves & Current Premium	(7)				2,957			2,222	Page 3 Line 35
Policyholder's Surplus (000)	(8)		1,495	1,916	57.67%			57.67%	(2) + (5) + (6)
Policyholder Surplus Ratio to Liabilities & Net Earned Prem	(9)				1,706			1,282	(8) / (7)
Allocated Policyholder Surplus	(10)				0.884			0.85	(7) * (9)
Net Earned Premium / Surplus Ratio	(11)								(2) / (10)
Calculation of Investment Gain Ratio									
Net Investment Income Earned	(12)		66	49					(12) + (13)
Net Realized Capital Gains or (Losses)	(13)		(1)	0					(5) + (6)
Net Investment Gain or (Loss)	(14)		66	49					(10)
Net Loss & LAE & Unearned Premium Reserves	(15)		915	1,985	1,450	758	1,510	1,134	(15) - (16) + (17) + (18)
Net Agents' Balances	(16)		0	0	-	0	0	-	(14) / (19)
Funds held by company under reinsurance treaties	(17)		600	1,714	-				
Policyholder's Surplus	(18)				1,706			1,282	
Total Investable Funds	(19)				3,156			2,416	
Net Investment Gain / Total Investable Funds Ratio	(20)				0.015			0.015	
Calculation Of Prepaid Expense Ratio									
Commissions	(21)		44	419		28	300		U&I Part 3 Col 2 Line 2.8
Taxes, Licenses & Fees	(22)		129	134		82	96		U&I Part 3 Col 2 Line 20.5
Other Acquisition Expense	(23)		0	0		0	0		IEE Part 1 Col 2 Line 25
General Expense	(24)		1,668	822		1,062	590		IEE Part 1 Col 3 Line 25
Net Prepaid Expense	(25)		1,007	964		641	691		
Net Written Premium	(26)		1,748	2,621		1,115	1,882		
Prepaid Expense Ratio	(27)		57.61%	36.78%		57.49%	36.72%		U&I Part 1B Col 6 Line 34
Investment Gain on Funds Attributable to Insurance Transactions									
Net Unearned Premium Reserves	(28)		600	1,714	1,157	456	1,250	853	(6)
(1 - Prepaid Expense ratio)	(29)				0.6322			0.6328	1.00 - (27)
Unpaid Unearned Premium Reserve	(30)				731			540	(28) * (29)
Net Loss & LAE Reserves	(31)		315	271	293	302	260	281	(5)
Net Agents' Balances	(32)		-	-	-	-	-	-	(16)
Investment Funds Attributable to Insurance Transactions	(33)				1,025			821	(30) + (31) - (32)
Net Investment Gain Ratio	(34)				0.015			0.015	(20)
Investment Gain on Funds Attributable to Insurance Transactions	(35)				15			12	(33) * (34)
Investment Gain on Funds Attributable to Capital & Surplus									
Total Investable Funds	(36)				3,156			2,416	(19)
Net Investment Gain Ratio	(37)				0.015			0.015	(20)
Total Investment Gain	(38)				47			36	(36) * (37)
Investment Gain On Funds Attributable to Insurance Transactions	(39)				15			12	(35)
Investment Gain on Funds Attributable to Capital & Surplus	(40)				32			24	(38) - (39)
Inv Gain on Funds Attrib to Capital & Surplus / DEP	(41)				0.9%			0.9%	(40) / (1)
Investment Income Attributable to Insurance Transactions									
(As a % of Net Earned Premium)	(42)				1.0%			1.1%	(35) / (2)
(As a % of Direct Earned Premium) - pre-tax	(43)				0.4%			0.5%	(35) / (1)
Latest Federal Income Tax Rate	(44)				35.0%			35.0%	(1.00 - (44)) * (43)
(As a % of Direct Earned Premium) - after-tax	(45)				0.3%			0.3%	(38) / (1)
Total Investment Income (% of Direct Earned Premium - pre-tax)	(46)				1.3%			1.4%	

Farmers Union Mutual Insurance Company
Selected Expense Provisions and Development of Expected Loss and LAE Ratio

Item	2009	2010	2011	2012	2013	2009-13 Selected	
(1) Written Premium	5,216	7,312	7,045	2,902	2,655	25,130	
(2) Earned Premium	5,318	6,176	7,113	4,878	2,675	26,160	
(3) Commission and Brokerage Incurred	644	388	184	27	299	1,542	
(4) Other Acquisition Expenses Incurred	-	-	-	-	-	-	
(5) General Expenses Incurred	798	1,273	1,408	1,062	4	4,545	
(6) Taxes, License and Fees Incurred	78	87	228	82	96	571	
(7) Commission/Written Premium	12.3%	5.3%	2.6%	0.9%	11.3%	6.1%	15.0%
(8) Other Acq / Written Premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(9) Total Production Expense	12.3%	5.3%	2.6%	0.9%	11.3%	6.1%	15.0%
(10) General / Earned Premium	15.0%	20.6%	19.8%	21.8%	0.1%	17.4%	17.4%
(11) Taxes, Lic & Fees / Written Premium	1.5%	1.2%	3.2%	2.8%	3.6%	2.3%	3.0%
(12) Net Cost of Reinsurance							0.8%
(13) Profit Provision							5.0%
(14) Investment Income							1.4%
							39.8%
(15) Total Expenses and Profit (less investment income)							60.2%
(16) Expected Loss and LAE Ratio							

Notes

- (1) - (3) The figures for 2009 come from 2009 Statutory Page 14
The figures for 2010-2013 come from respective years Insurance Expense Exhibits Part III
- (4) Insurance Expense Exhibit Part III Col 27
- (5) Insurance Expense Exhibit Part II Col 29
- (6) Insurance Expense Exhibit Part III Col 25
- (7) = (3) / (1)
- (8) = (4) / (1)
- (9) = (7) + (8)
- (10) = (5) / (2)
- (11) = (6) / (1)
- (12) Exhibit I Page 3 Last Line = Ceded Pre-tax Profit / Direct Earned Premium (2009-2013)
- (13) traditional profit and contingency provision
- (14) Exhibit IV Line 46
- (15) = (9) + (10) + (11) + (12) + (13) - (14)
- (16) = 100% - (15)

**Farmers Union Mutual Insurance Company
Arkansas - Homeowners**

	(1)	(2)	(3)	(4)	(5)	(6)
Year	Rate Change	Effective Date	Exposure Valuation Change	Effective Date	Rate Index	Onlevel Factor
2004					1.000	1.759
2005					1.000	1.759
2006					1.000	1.759
2007					1.000	1.759
2008					1.000	1.759
2009					1.000	1.759
2010			37.5%	1/1/2010	1.188	1.481
2011					1.375	1.279
2012					1.375	1.279
2013					1.375	1.279
2014	27.9%	*			1.759	1.000

Notes

- (1) +25% approved for HO2 HO only effective 6/1/2014
+30% proposed for ACV HO to be effective 9/1/2014
The combined effect shown here is calculated on Exhibit II Page 7 last line
- (2) * see notes above for (1)
- (3) The 37.5% was the increase that resulted when the Company standardized the valuation of Coverage A throughout its Homeowners book of business in 2010.
- (4) Beginning with policies effective 1/1/2010 and after, the company required that all HO2 policies be insured at a minimum of \$60 per square foot.
- (5) Since this was implemented as policies were written or renewed in 2010 only half of the increase was earned in 2010. resulting in the earned average rate level shown for 2010 with the full increase affecting subsequent calendar year's earned premium.
There have been no subsequent valuation changes for the FUMIC book of HO2 Homeowners business.
- (6) = (current rate index) / (3)

**Farmers Union Mutual Insurance Company
Incurred Loss Adjustments - Loss Development & Trend**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Accident Year	Direct & Assumed			Loss Trend Period Prop Eff	Loss Trend Factor	Loss Development Factor	Developed & Trended Incurred Losses	
	Paid Losses	Case	Case					
		Outstanding 12/31/2013	Incurred 12/31/2013					
				10/1/2014	2.8%			
2004	1,472	0	1,472	11.26	137.1%	1.000	2,019	
2005	2,394	0	2,394	10.26	133.3%	1.000	3,192	
2006	4,520	0	4,520	9.26	129.7%	1.000	5,860	
2007	3,466	0	3,466	8.26	126.1%	1.000	4,369	
2008	10,167	0	10,167	7.25	122.5%	1.000	12,459	
2009	5,973	0	5,973	6.25	119.2%	1.000	7,117	
2010	4,398	0	4,398	5.25	115.9%	1.002	5,106	
2011	10,001	7	10,008	4.25	112.7%	1.002	11,297	
2012	4,328	51	4,379	3.25	109.5%	1.003	4,811	
2013	1,435	111	1,546	2.25	106.5%	1.033	1,701	
	48,154	169	48,323				57,933	

Notes

- (2) FUMIC 2013 Schedule P Part 1A Col (4)
- (3) FUMIC 2013 Schedule P Part 1A Col (13)
- (4) = (2) + (3)
- (5) Mid point of each accident year to mid-point prospective policy year.
- (6) = $(1 + \text{annual trend}) ^ (7)$
See Exhibit VI Page 5 for the development of the annual loss trend percentage.
- (7) Exhibit III page 4
- (8) = (6) x (8) x (9)

Farmers Union Mutual Insurance Company
(includes data from Town and Country Mutual Insurance Company)
Homeowners
Loss Adjustment Expense

Accident Year	(1) Paid Losses	(2) Paid DCC LAE	(3) Paid A&O LAE	(4) LAE Ratio
2005	2,394	0	64	2.7%
2006	4,520	0	147	3.3%
2007	3,466	0	129	3.7%
2008	10,167	0	474	4.7%
2009	5,973	0	267	4.5%
2010	4,398	0	197	4.5%
2011	10,001	0	646	6.5%
2012	4,328	0	243	5.6%
2013	1,435	0	69	4.8%
Totals	46,682	0	2,236	4.8%
(5)	Selected (latest 5 years) LAE Ratio			5.4%
(6)	LAE Factor			1.054

Notes:

- (1) Calendar/accident year paid data - 2013 Schedule P Part 1A Col 4
- (2) Calendar/accident year paid data - 2013 Schedule P Part 1A Col 6
- (3) Calendar/accident year paid data - 2013 Schedule P Part 1A Col 8
- (4) = ((2)+(3)) / (1)
- (6) = 1.00 + (5)

Farmers Union Mutual Insurance Company
Homeowners
Claim Severity Trend

This exhibit displays claim severity trend data and selected annual claim severity trend provision.

A claim transaction detail file was analyzed to determine claim severity trend.
The file contained 16,379 claim transactions between 2/25/2005 and 12/23/2013.

These transactions arose from 9,496 unique claim numbers and generated \$50,597,857 in incurred losses. The total amount of loss after limiting individual claim amounts to \$8,000 was \$24,862,576. During this period there were 875 claims that exceeded \$8,000.

Loss Yr	Total Amount with Claims Limited to \$8,000 per claim	# of Claims	Average Loss Limited to \$8,000 per claim	Large Claim % of Total Claim Count
2005	13,924	17	819	5.9%
2006	343,603	214	1,606	8.4%
2007	1,821,792	785	2,321	11.2%
2008	8,540,690	2,991	2,855	10.2%
2009	3,828,687	1,852	2,067	6.4%
2010	2,597,849	1,036	2,508	7.7%
2011	4,877,227	1,648	2,959	9.3%
2012	2,153,515	678	3,176	12.7%
2013	685,288	275	2,492	9.1%

9,496
est annual trend 2.8%

